

Team Entrepreneurship
How do Entrepreneurial Founding Teams form?

An Exploration of the Role of Intuition in Entrepreneurial Founding Team Formation

Master's Thesis
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Abstract

Entrepreneurial Teams are at the heart of the new venture and are credited behind the success of many new companies. However, there is little consensus as to what constitutes an Entrepreneurial Team and even less research on Entrepreneurial Founding Teams. The benefits of Entrepreneurial Teams range from attracting more funding to providing a supportive and trustworthy atmosphere in which team members can engage in innovative behaviors. Understanding how teams assemble and successfully stay together is paramount as they will imprint the company with its culture, structure and processes. Given the emotional nature of Entrepreneurship and the importance of carefully selecting co-founders, this thesis strived to get an answer to the following research questions: How do Entrepreneurial Founding Teams form? And what is the role of Intuition in the Founding Team formation process?

The main theoretical frameworks used in this research were provided by Kamm et al. (1993) and Cooney (2005). However, their views failed to offer an in-depth perspective of how Entrepreneurial Founding Teams form.

Results indicate that the Founding Team formation process is a highly complex, lengthy, dynamic, random and sequential one. A Lead Entrepreneur will look for at least one co-founder after he/she has developed his/her idea. In addition, the Lead Entrepreneur won't know where or how he will meet his/her co-founder. He/she will, nonetheless, intuitively know who is the one, but will most likely go through several iterations until successfully assembling the team. Therefore, the search for the first co-founder is a highly intuitive process, where both participants will mutually gauge each other's commitment, passion, goals and aspirations for the firm, as well as similar working styles, compatibility in terms of personality and ability to communicate. The process will become more pragmatic as this Founding Dyad will expand, as, the additional members should complete the skills that the dyad lacks. However, intuitive thinking will always permeate the whole process.

In this context, intuition serves as measure of trust, similarity and potential for successfully working together. The decision is made in a relatively fast pace and will provide participants with feelings of confidence and reassurance. Research offered empirical evidence supporting the view that intuition is a highly complex process occurring in the brain. People quickly internalize massive amounts of parallel information in a subconscious manner, for later on reaching a conscious decision. In this case, whether to partner or not. However, research also uncovered an important element for engaging intuition in Entrepreneurial Founding Team formation, which was not presented in the theory: the importance of the right context and timing. In fact, if people are not consciously ready to engage in new venture formation, the intuitive thinking process will be "turned off". Research results highlight the importance of being in tune with one's intuition and the importance of following it when looking for a potential co-founder.

Keywords Intuition, Entrepreneurial Founding Team, Dyad, Co-Founders, Lead Entrepreneur

*To my Mother,
my daughter Sara Vivienne
without whom this thesis would have
been completed two years earlier,
and to all of those whose help was
unforgettable.*

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Introduction

The legend of the entrepreneur as a “lone hero” who embarks on new venture creation on his own, is slowly becoming a legend indeed (Cooney, 2005; Chowdury, 2005; Harper, 2008; Klotz, Hmieleski, Bradley & Busenitz, 2014). Research shows that the creation and successful management of new ventures is often a team effort, shared among individuals representing a diversity of skills and experiences (Boeker et al., 2002; Brannon et al., 2013; Cardon et al., 2012; Cooney, 2005; Ensley, Pearson & Amason, 2000; Gartner et al., 1994; Handelberg, 2012; Huovinen & Pasanen, 2010; Lechler, 2001; Lim et al., 2012). Consequently, most of the major start-ups, from the last two decades, have been a team effort (Kamm, Shuman, Seeger and Nurick, 1990), and the entrepreneurial team is at the heart of any new venture (Schjoedt, Kraus, 2009).

However, creating a new firm is a challenging and demanding task, as new ventures fail at an alarming rate (Bamford, 1999; Blatt, 2009). Many ventures are started by an individual who turns to others for help with various aspects of the venture creation, whereas others begin with a team, making venture creation a collective endeavor from the start (Kamm, et al., 1990; Kamm et al., 1993; Foo et al., 2006; Schjoedt, Kraus, 2009). Understanding the formation of teams in the early start-up phase is essential, as this founding team will imprint and leave a mark in the future of the company and its culture for many years to come (Bamford et al., 1999; Birley, 1985; Brannon et al., 2013; Bryant, 2014; Forster & Jansen, 2010), and will have an impact on the development and performance, strategy and structure on the company as well (Bamford, 1999; Beckman, 2006; Bryant, 2014; Klotz et al., 2014). Also, venture capitalists will often decide where to invest their money based on the skills and experience of the entire team, and not on individual characteristics alone (Kamm et al. 1990; Schjoedt et al. 2009). Furthermore, new ventures are crucial for economic growth as they are needed to replace failed firms; and founding teams formed during the birth of the company are often fragile and will not survive unless they can establish membership, identity, process and commitment (Foo et al., 2006; De Mol et al., 2015). However, finding the best and most suitable partners is more often than not an extremely difficult task (Forster, et al. 2010).

During the 1980's most of the research emphasized top management teams and research concerning entrepreneurial teams was sparse and largely anecdotal. And even into the

beginning of the 2000's Top Management Teams were considered interchangeable with entrepreneurial teams (Cooney, 2005). However Entrepreneurial teams do differ from Top Management Teams in different ways as they operate in completely different contexts (Huovinen, et al., 2010). It is only since the early 1990's that interest in researching the roles that different individuals in the start-up team fulfill and the process for partnering early on in a new venture, has developed (Kamm, et al., 1990). Likewise, early literature has focused on the fact that teams face difficulties and that a lot of them dissolve within five years of the creation of the new venture (Kamm, et al., 1990; De Mol et al., 2015).

To sum up, entrepreneurial teams have attracted the attention of researchers since the 90's as they are ubiquitous in the start-up arena, they affect the venture's performance, they are difficult to assemble and keep together and little is known about how they form and how they overcome the obstacles that they might encounter along the start-up evolution into an established firm (Clarysse et al, 2004; Forbes, Borgert, Zellmer-Bruhn & Sapienza, 2006).

In 1993, Kamm et al. assumed that firms develop in an a priori sequence of transitions, starting from the idea, where individuals or groups get together in order to make decisions about the business concept and how to implement it: the first stage of team formation.

The work undertaken by Kamm et al. (1993) is considered the founding theory of how entrepreneurial teams form, and most of the literature concerning entrepreneurial team formation is based on this model. However, several researchers have undertaken different angles to explain the process and the reasons as to how teams form. For instance, David Harper (2008) explains the process as a purely economical and rational phenomenon, where two or more individuals decide to partner up because the risk, uncertainty and common interest in a given profit opportunity, make these individuals interdependent, thus leading to the formation of an entrepreneurial team.

Some other studies question whether demographic and skill diversity, family ties, novelty of the business idea, and social networks have an impact on the formation of entrepreneurial teams, (Aldrich et al., 2007; Amason et al., 2006; Chowdury, 2005; Schjoedt et al., 2012). Therefore, research related to new venture teams has been fragmented and lacks in organization (Klotz et al., 2014). Consequently, as some aspects that lead or have an impact on the formation of an entrepreneurial team have been studied, no research has made an emphasis on the role of intuition in the process of team formation,

even though intuition is related to decision-making and interpersonal relationships (Dimov, 2007).

When we talk about intuition, we talk about emotions, feelings, attitudes and beliefs (Sinclair et al., 2005). To some intuition is a mysterious force or a “gut feeling” but numerous scholars have shown that intuition is actually a clear process taking place in our brain, except that it is largely unconscious, implicit and processes a tremendous amount of parallel information (Evans, 2010). Intuition is tightly linked to our judgements and decision making; and it is of paramount importance given the fact that attitudes and preferences are a fundamental component of all living systems (Stanley, Phelps & Banaji, 2008), as they orient toward or away from people, things, and events in the world (Stanley et al., 2008). In addition, modern neuroscience offers tangible and traceable proof that intuitive processes take place within the human brain.

As a matter of fact, implicit attitudes, which are central components of both intuition and implicit learning (Lieberman, 2000), are processed by the amygdala and the cingulate and dorsolateral prefrontal cortices as well as in the caudate and putamen, in the basal ganglia of the brain (Stanley et al., 2008). This makes sense as the amygdala processes memory, decision-making and emotional reactions and the basal ganglia process procedural learning, cognition and emotion too. Interestingly the amygdala, the caudate and putamen form the corpus striatum in the brain; one single connected organ directing emotional reactions. Thus, effectively proving that intuition is not merely a “gut feeling” but a tangible neurocognitive process driving most if not all of our decisions.

Entrepreneurship is understood as a highly emotional process (Cardon, Foo, Shephers & Wiklund, 2012). Carefully selecting a future co-founder is of utmost importance, for these two or more people will spend a considerable amount of time working together and facing a myriad of challenges and obstacles. Entrepreneurs need to strike a delicate balance between skills and interpersonal chemistry and understating. Therefore, this study will explore the role of intuition in the process of Entrepreneurial Founding Team formation, as intuition is understood to guide decision-making and emotions. It will look for answers as to what exactly makes an entrepreneur or a group of people chose one another among other prospective candidates, that they might or might not know beforehand. Thus, the research

questions guiding this study are: “How do Entrepreneurial Founding Teams form?” and “What is the role of intuition in this process?”

In order to find an answer for the research questions mentioned above, a qualitative, multiple-case analysis was carried out, with five start-ups, from different industries, selected for in-depth interviewing of each member. The main objective of the research is to be able to get a realistic and comprehensive picture from each member and the reasons why they chose, felt attracted and motivated to join or abandon their current start-ups. All the members are co-founders and have ownership of the company.

A total of nine interviews were conducted. Since the research is focused on early start-up teams, companies that have been incorporated for less than two years were sought after. Of these start-ups, two have just started their services, one has not started production yet, one started its service a year ago and one recently closed its operations, after just two years of production. In addition, three start-ups have their full original co-founder teams still in place and one just recently disbanded. All of the co-founder teams started as dyads (two partners), with only two teams rapidly expanding to three or more members. Given the fact that problems within the team were the reason why one team disbanded and the other decided to close production, the views provided by these two people were judged pertinent for the study and thus duly analyzed.

This study is divided into three main chapters. The first provides a literature review concerning the importance of emotions at an organizational level, followed by a working definition of what constitutes an Entrepreneurial Founding Team and an in-depth overview of the importance of emotions and intuitions at the start-up level. The chapter closes with an overview of what has been studied until now about entrepreneurial team formation followed by a proposed research framework, including intuition on the Entrepreneurial Founding Team formation process. The main objective behind this chapter is to prove that emotions are important in the business arena, thus indirectly proving the importance of intuition for Entrepreneurial Teams and in particular for Entrepreneurial Founding Teams. The second part of this study presents the research design, with justifications as to why the current methodology. Finally, a presentation of the results and a discussion linking theory and empirical evidence is exposed.

The Importance of Feelings in Organizations

Interpersonal Relationships, Leadership and Networks at an Organizational Level

Pierre Bourdieu (1985) gives us the foundational theory for group behavior. In his thesis he posits that in order to understand the basis for the formation of human groups, one must understand that:

“One can separate out classes, in the logical sense of the word, i.e., sets of agents who occupy similar positions and who, being placed in similar conditions and subjected to similar conditionings, have every likelihood of having similar dispositions and interests and therefore of producing similar practices and adopting similar stances”

In his theory, Bourdieu (1985) explained that even though “social classes” might explain certain group affiliations, it is actually the *space of relationships* that will explain why do people, based on their work, behavior and dedication, will move in and out of groups. Hence, he lays off the foundation for a networking theory (Forbes et al., 2006). He highlights the influence of social capital on group affiliations, for it explains how the people (networks) we know will affect our affiliation into groups that we once thought impossible. Bourdieu (1985) claimed that people that have a lot in common will not always associate, whereas people who might not have a lot in common, could end up associating instead. However, research on entrepreneurial teams has proven that entrepreneurial teams consist mostly of people who share prior affiliations and/or affective relationships (Aldrich et al., 2007; Birley, 1989; Bryant, 2014).

Even though Bourdieu’s social theories were geared towards the social class struggles (rich vs. poor), he lays the ground for concepts later researched and applied in organizational and entrepreneurship theories, such as homophily (similar interests and backgrounds), grouping fluidity (new member addition, leaving the team) and networking.

Following Bourdieu’s (1985) claims on the importance of interpersonal relationships in group formation, it can be logically deduced that the emotions/feelings involved in these relationships are paramount for the successful outcomes of said relationships. Attitudes and

preferences drive interpersonal relationships and humans are the only animals capable of introspection, thus capable of identifying and changing their attitudes (Stanley et al., 2008). Therefore, humans have the capacity to deliberately select their associations within social contexts, and attitudes and beliefs can be assumed of deeply impacting the relational ties within a group and by extension an organizational group as well.

Research has shown that behavior, personal attitudes and emotions have a marked influence at the leadership level. How leaders behave and the emotions they project has a deep impact on their employees and fellow co-workers, in addition of affecting firms' performance. In fact, Ammeter & Dukerich (2002) found that leader behaviors are significant predictors of project and cost performance. Some of the leader's behaviors that had the most impact on performance were: the nurturing of the sense of belonging to the team, ownership of the project, a sense that the personal success was tied to the team's success and informal "team building" events such as get-togethers, lunches, and other relationship building exercises (Ammeter et al., 2002). This research highlights the importance of developing good relationships and therefore positive feelings in an organizational team, in addition to proving that leader behavior has a powerful and pervasive role in determining the feelings of success and actual success of project teams (Ammeter, 2002).

In addition, Balkundi et al., (2005) suggest that it is not only about what leaders project to their employees but also about how much they understand the relationships that exist among employees. Leaders should accurately perceive the network relations that connect people, and actively manage these network relations (Balkundi et al., 2005). In fact, it is the leader's responsibility to maintain the emotional health of all employees within the organization, as the pervasion of toxic emotions created in organizational contexts will negatively affect the performance of effective leaders (Balkundi et al., 2005).

Learning how to manage interpersonal relationships in organizational contexts and the emotions that come along is particularly important. Evidence suggests that those individuals who have more positive psychological resources are expected to grow more effectively or to broaden themselves and build out additional personal resources to perform (Avolio, Walumbra & Weber, 2009). Furthermore, positive emotions expand cognition and

behavioral tendencies and encourage novel, varied, and exploratory thoughts and actions within an organizational team (Avolio et al., 2009).

Similarity in Interpersonal Relationships

In their research, Barsade, Ward, Turner & Sonnenfeld (2000) found out that positive affect (the tendency towards positive and energetic emotions) has a direct influence on individual attitudes, group performance and processes. In effect, people consciously or unconsciously tend to partner with people who have (or are perceived to have) similar attitudes and beliefs (Barsade et al., 2000) and this goes beyond gender and ethnic similarities. This is even more present in small organizations, where similarity breeds attraction. In fact, when somebody perceives that another person is on the same level of energy and positivity, this will create reciprocal positive feelings between the people involved and thus maximize attraction and cohesion within a group (Barsade et al., 2000). The similarity-attraction process is illustrated by Barsade et al., (2000) as follows: "I feel/the same way you do (i.e., upbeat and energetic), which I find reinforcing, which makes me feel good, which then makes me attracted to you, which is then reciprocated by you." On a similar note, Bartone et al., (2009) hinted at the importance of Emotional Intelligence on leadership. An emotionally intelligent individual is a person capable of controlling and being aware of his/her own emotions, in addition to possessing social awareness of others' and their emotions. Thus, emotional intelligence has an impact on the capacity to understand and manage social relationships and social networks (Bartone et al., 2009).

In addition, Amason et al., (2006) found out that heterogeneity in highly novel ventures teams often leads to communication and coordination problems among the team. Conversely, more homogeneous Top Management Teams may perform better because more homogeneous teams will find high levels of behavioral integration easier to achieve (Amason et al. 2006). These two researches implicitly point to the fact that emotions, personal attitudes and perceptions have an important role in the team dynamics of an organization. Beal et al., (2003) provide evidence suggesting that group work, team performance and interpersonal attraction are positively impacted when teammates are emotionally connected and share a similar vision and objectives.

Indeed, in their paper, Casciaro & Sousa (2008) proved that when people have negative interpersonal affect, choosing a partner based solely on skills becomes totally irrelevant. Conversely, when there is positive interpersonal affect, a person's reliance on competence as a criterion for choosing task partners increases (Casciaro et al., 2008). In fact, sociologists and psychologists have demonstrated the relevance of emotions for the functioning of triads and groups (Casciaro & Sousa, 2008).

The Importance of Trust in Interpersonal Relationships

Of all the emotions involved at an organizational level, trust commands a higher place. In fact, trust can and does affect team performance (De Jong & Elfring, 2010). In fact, McEvily, Perrone & Zaheer (2003) argue that trust serves as an organizing principle within organizations. The benefits of generating trust within a company are tangible. Trust prevents the organization from weakening due to uncertainty, at the same time making it more efficient by conserving cognitive resources, lowering transaction costs and by simplifying decision-making (McEvily et al., 2003). However, trust is generated implicitly and constantly through daily exchange and cues between the people involved; it is fragile and easily broken. As such, it requires intermittent information processing for constant assessment (McEvily et al., 2003).

One can argue the connection between trust and intuition as trust is not something that can be decided once and for all, but operates on incomplete information, uncertain conditions and requires that people take "leaps of faith" (McEvily et al., 2003) when they feel they can trust somebody else. However, as with everything related to interpersonal relations, one can never be 100% sure of what will happen next. Do people intuit if another one is worth of being trusted? In fact, McEvily et al., (2003) argue that trust has a heuristic quality. Thus, trust comes with experience and social knowledge, as does intuition.

On the other hand, trust has the capacity to generate psychological safety within a team. When teammates believe that the team is safe, they are more inclined to take interpersonal risk (Bradley et al., 2012). Being able to perform in a psychologically safe environment should improve creativity and decision making without damaging interactions, as conflict has less chances of becoming personal. As a result, interaction among members is increased while harmony is preserved, thus allowing members to reach their full potential

(Bradley et al., 2012). However, members should work on building psychological safety, trust and harmony early on during team formation as initial counterproductive habits will be hard to break later on. (Bradley et al., 2012).

In this chapter we could see that organizational teams, as an extension of human groups, are founded through personal networks and connections. However, there is more than meets the eye in the selection of a potential work partner. It is not just about calling somebody you know to ask him/her to work with you; there needs to be an important emotional connection, in terms of shared values, beliefs and perceptions. The leader and other members of the team need to be aware of the dynamics of such relationships, the drives and motivations that will influence everybody at different levels in the team. In other words, they need to be receptive, intuitive and engage their emotional intelligence. Having good, positive, and encouraging relationships at work will have a direct influence on the team's performance and the capacity for the members to achieve their full potential and feel that they belong. These positive associations, emotions, and feelings will be reciprocated and, in turn, generate trust, cohesion and safety. Like a snow-ball, these positive emotions will extrapolate and influence all the members of the team. Where a positive "seed" was planted, positive "fruit" will ripe.

Entrepreneurial Teams and their Formation Process

The Entrepreneurial Team

Organizations are defined by Kamm and Nurick (1993) as the coalescence of individuals with a specific conscious joint purpose, and, while some organizations are founded by one person, many are the work of teams. There has been some debate as to what constitutes in reality a founding team. First, literature does not present an absolute term for referring to early stage teams. These teams have been addressed by many names, such as: founding teams, entrepreneurial teams, start-up teams or new venture teams (Harper, 2008; Klotz et al., 2014), and even to this date, there has not been consensus among scholars for defining what is an entrepreneurial team. In fact, there is no accepted definition of what constitutes an entrepreneurial team. Foo et al., (2006) go as far as saying that the new venture team has been neglected by the literature and Schjoedt and Krauss (2009) argue that there have been several definitions that have been proposed by different scholars throughout several papers. Indeed, an entrepreneurial team has been defined as “a group of two or more individuals who are actively engaged in innovative efforts designed to launch or extend the value generated by a venture” (Schjoedt et al., 2009; p.514). Or as “a group of venture founders who interact in developing new ventures” (Schjoedt et al., 2009; p.515). The following paragraphs briefly present the evolution of the definition of what constitutes an entrepreneurial team, in order to present the working definition for this paper of what constitutes an Entrepreneurial Founding Team.

The founding theory of team formation per se was presented by Kamm, Shuman, Seeger, and Nurick in 1990 and it would take another ten years (2000's) for scholars to start researching entrepreneurial teams more in-depth and attempt to give a conclusive definition (Huovinen et al., 2010). Kamm et al., (1990) defined an entrepreneurial team as “two or more individuals who jointly establish a business in which they have an equity (financial) interest” (p.7). These individuals are present during the pre-start-up phase of the firm, before it actually begins making its goods or services available to the market. Furthermore, they argue that little research has been done in order to understand the process of assembling an effective entrepreneurial team and maintaining it. Kamm et al. (1990) also state that as there are many types of new ventures there is also many types of entrepreneurial teams, what comes to the number of members, the type of venture that is

being created, the presence of family members and the nature of their contribution to the new venture's establishment, and the timing of members joining the team.

In 2005, Thomas Cooney, in his editorial "What is an Entrepreneurial Team?" stated that some authors, such as Shaver and Scott (1991), persisted on the lesser importance of the entrepreneurial team. These researchers believe that a single person is still required in the team, in whose mind all the possibilities come together, who believes that innovation is possible, and who has the motivation to persist until the job is done. Only in 2000, Ensley, Carland & Carland; attempted to balance the situation by arguing that an entrepreneurial team could be composed of one leader and one or more followers who adhere to the idea, vision and shared dreams of the leader, and came together to execute those ideas through a new venture.

Cooney (2005) also stated, that the definition of entrepreneur has changed little since Schumpeter's (1934) interpretation of an entrepreneur as agent who implements innovation, or recombines resources in a proactive manner. Cooney (2005) voiced some disagreement with the definition proposed by Kamm et al., (1990) as it excluded partners that could leave or join the firm at any given time. He proceeded then to define entrepreneurial teams as "two or more individuals who have a significant financial interest and participate actively in the development of the enterprise" (p.229). However, an entrepreneurial team will only succeed if its members possess a variety of financial, experiential, mental and emotional resources (Cooney, 2005).

It would take until 2008 for David Harper to attempt to give one single definition of entrepreneurial teams, in the light of the lack of consensus and research among scholars concerning this subject. He posits that a good definition of what is an entrepreneurial team should be agent and institution neutral, in that it does not exclude the possibility of one or other locus of entrepreneurial decision-making (e.g. individuals or teams) and that entrepreneurial teams should be able to exist without necessarily creating a new firm. He thus defines an entrepreneurial team as "a group of entrepreneurs with a common goal which can only be achieved by appropriate combinations of individual entrepreneurial actions"(p.617). According to Harper (2008) this definition is institution neutral (no start-up required for the existence of said teams) as it includes teams that are ephemeral

entrepreneurial teams that might form to discover and exploit one-off arbitrage opportunities.

Like Kamm et al. (1993), Harper (2008) states that entrepreneurship is best conceived as a dynamic problem-solving process in which entrepreneurs learn in the light of experience and feedback. Therefore, Harper (2008) suggests that the discovery of a profit opportunity need not be all in the head of one individual but could instead be a socially distributed process that involves joint action possibilities and team entrepreneurship. Thus highlighting the ubiquity of entrepreneurial teams in the start-up arena.

Klotz et al. (2014) indicate that the definition of an entrepreneurial team does not necessarily have to cover only those members that are active participants in the venture while holding ownership of the firm. Their definition includes members who are actively involved in the firm but do not hold significant financial stake in it, as well as, investors and board members who do not hold active roles within the new firm but hold considerable financial interests in the growth and wellbeing of the firm. Consequently, Klotz et al. (2014) define an entrepreneurial team as “the group of individuals that is chiefly responsible for the strategic decision making and ongoing operations of a new venture” (p.227). Thus Klotz et al., offer an enlarged definition of what constitutes an entrepreneurial team, where in addition to the co-founders, investors and other partners are all equally considered as being part of them.

In 2010, Forster et al., went as far as to identifying a whole new category in new venture teams, namely its precursor: the founding partnership. In their research, Forster et al., (2010) analyzed the relationships between founders early in the venture creation process in order to gain a deeper understanding of how homophily (similar backgrounds) and resource seeking (skills/money/networks) influence why only some entrepreneurs partner. Consequently, a founder is defined as “a person who establishes an organization and a founding partnership is formed when two or more founders jointly establish a business” (2010; p.2). This research is important as, no matter how ubiquitous entrepreneurial teams are, empirical evidence suggests that not all entrepreneurs *deliberately* decide to partner and *consciously and voluntarily* start their ventures alone.

After this very brief explanation of the different meanings that the words “Entrepreneurial Team” raise among scholars, it is necessary to first ask whether the definition of a lone entrepreneur can be translated into the founding team as well. After all, in the case of the team, we are talking about two or more people, chiefly entrepreneurs, who decide to come together in order to create new ventures that will bring change, innovation and growth into society and industries; and entrepreneurial teams could be perceived as proactive agents of change as well.

Second, we can see that assembling the team is only the first step into the very uncertain world of start-ups and it is possible to assume that whether the team is composed of a leader and its followers or not falls in the background as the most important element for teams to succeed will be the attraction, bonding and chemistry between the members.

It is a fact of reality that these members will inevitably face conflict throughout the development of the firm and will have to learn to navigate through the obstacles, stress, anxiety, uncertainty and general pressure of starting a new firm, in order to survive (Blatt, 2009; Bryant, 2014). The wisdom for carefully and appropriately selecting and assembling a team takes the front row in the process of team formation and its survival.

Third, after considering all of these elements, the term Entrepreneurial Founding Team is the term that is used for this research and is defined by the study’s author as: “the combination of two or more founders, who are *voluntarily and actively* involved in the start-up from the idea stage until, at least, the first two years of life of the firm and who hold a financial interest in said venture”. Settling the limit for defining an early stage company is based on the fact that 40% of new ventures fail within the first year and 60% of these problems are ascribed to problems within the entrepreneurial team (Mol et al., 2015).

Due to time restraints, it is not possible to include and analyze the relationship and drivers behind the formation of start-up/investors/coaches/mentors partnerships, as these people could all be credited with the success of the venture as well, and are more often than not considered as silent members of the entrepreneurial team. Consequently, the research focuses exclusively on those two or more individuals working full time since the beginning in their start-up.

Importance and Benefits of Entrepreneurial Teams

As previously mentioned, entrepreneurial teams are a dominant trait what comes to new venture formation. Indeed, entrepreneurial activity is so important to national economies that in 2007 about 637,100 new companies came into being in the United States alone, replacing about the same number that closed down and roughly half of these newly founded firms are team based (Blatt, 2009).

Kamm et al. (1990) argue that there is a correlation between the effectiveness and even presence of an entrepreneurial team and the performance of the start-up. This is a concept that researchers cite often (Aldrich et al., 2007; Bamford et al., 1999; Harper, 2008; Cope et al., 2011; Klotz et al., 2014). Indeed, Ensley et al. (2006) mention that the shared leadership of a new venture teams accounted for 10% to 15% of variance in firm performance above and beyond of which was accounted for by the vertical leadership of founding CEO's. Thus, duly proving the impact of teams on firm performance.

Cooney (2005) states as well that the benefits of starting a venture with a team, instead of going solo, include pooling financial and physical resources, spreading risk and anxiety, increasing the stock of skills and expertise available, and compensating for individual weaknesses, in addition to being more likely to achieve fast growth than solo entrepreneurs. Furthermore, the presence of a team helps in speeding up product development and commercialization, benefits from varying points of view, greater checks and balances and a broader array of ideas and abilities (Handelberg, 2012).

Aldrich et al. (2007) and Bamford et al. (1999) also highlighted the important role that entrepreneurial teams have in fostering research, development, innovation and job growth in competitive disciplining industries. However, this is only true if team members can create positive and encouraging relationships between themselves, so that people will dare to jump into innovative actions. In addition, Clarysse et al. (2004) and Forbes et al. (2006) mention that one of the most important criteria for attracting investors is the "business experience" of the team. Thus, having a solid, well established and harmonious team, will not only encourage innovation but also attract funding.

The importance and benefits of having a team in a start-up are not only tangible and monetary but also intangible and linked to the firm as a social entity. Indeed, Aldrich and Kim (2007) argue that in order for entrepreneurs to actually transform their intentions into actions, they need to establish connections with others who control resources, thus highlighting the importance of social structures and relationships. In addition, the ability of entrepreneurs to build a strong and effective team is one of the key factors in growth as the entrepreneur's intentions fuel the direction of the firm and determine its size and growth potential (Handelberg, 2012).

Wisely selecting co-founders is one of the most decisive moments in new venture formation. The Entrepreneurial Founding Team will determine the culture, structure, objectives as well as the values and beliefs, that will imprint the company for years to come. A mistake could quickly transform into bad structures and process that will be difficult to change over time (Bryant, 2014; Handelberg, 2012), and will be toxic for the team and the firm. Thus, the importance of understanding the team formation process and the motivations behind selecting the potential co-founders.

Entrepreneurial Team Formation Processes

Entrepreneurial teams differ from many other types of teams in businesses, in that they form voluntarily and are not imposed by others. They are naturally forming groups, except that they are task oriented (Discua et al., 2012). Kamm et al. (1990) are the founding fathers of venture team formation as they were the first ones that tried to analyze how Entrepreneurial Teams form from the idea stage. Furthermore, they also attempted to analyze the process from a socio-psychological perspective by trying to understand the patterns and motivations behind those involved in the team formation process (Cooney, 2005). Kamm et al., (1990) propose a very sequential process in which one step forcefully takes place before the other, and systematic, in the sense that when obstacles arise, one can always go back the previous step (Figure 1). However, Forbes et al., (2006) state that new venture management cannot be reduced to a simple set of rules and techniques and that the process of team formation unfolds through a series of judgements based on a wide range of knowledge and experience. In addition, team formation involves an evolving tapestry of human interaction, cooperation and coordination (Forbes et al., 2006). Cooney (2005) also states that the formation of the team will rather depend on time and task demands rather

than on stages of development. Therefore, it is not enough to explain the Entrepreneurial Founding Team formation process as a systematic automated happening, but it is necessary to understand the social-psychological drivers behind it. As with everything related to interpersonal relationships, there is much more at play than what can be perceived from the surface.

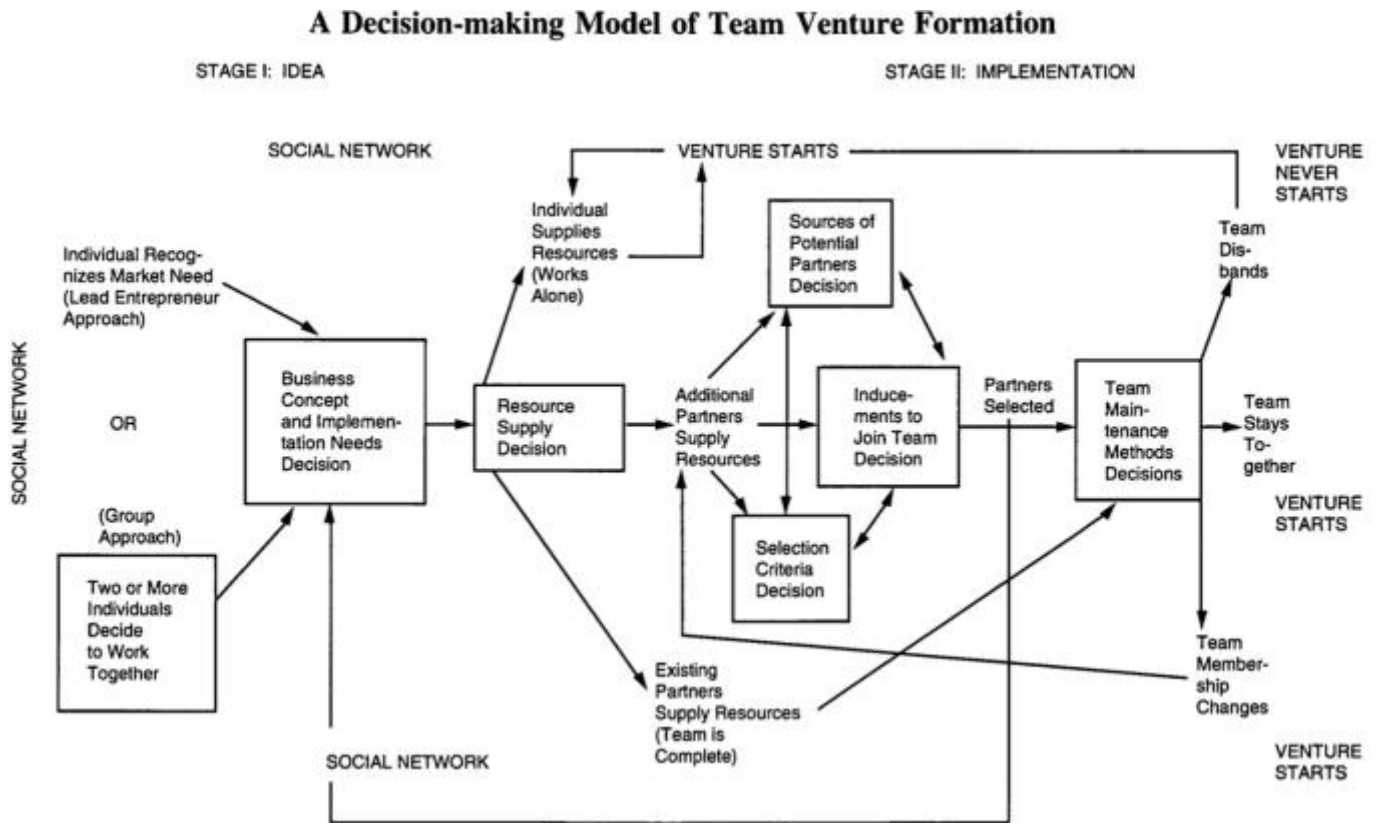


FIGURE 1: A DECISION-MAKING MODEL OF TEAM FORMATION. KAMM ET AL., 1993.

The model presented by Kamm et al., (1993) fails to adequately grasp the human emotions and interactions that will lead an individual to start the business alone or in a team. This model only faintly acknowledges the importance of networks and how entrepreneurs will more often than not tap into them for finding partners. However, the model does acknowledge that the decisions that either a lead entrepreneur or a team will make, will affect the formation, composition and eventual disbanding of the entrepreneurial team (Kamm et al., 1993). Therefore, the model presented by Kamm et al. (1993) is not enough to adequately explain why two people might decide to come together to start a new venture.

In fact, Forster et al. (2010) present the initial stage of Founding Team Formation as an entrepreneur who, either individually or with one partner, decides to start the process of venture creation; he/she/they, will interact with his/her/their social network in order to meet resource and personnel needs. On a similar note, Beckman (2006) argues that founding teams are generally formed for reasons of convenience, not strategy and provides empirical evidence that people who shared previous company affiliations were more likely to partner. However, her model doesn't explain how a certain dyad will form from two or more people that previously knew and had worked with each other. Cooney (2005) and Handelberg (2012) mention that there is a social psychological concept involved in the formation of entrepreneurial teams, whereby the process consists of five steps: attraction, bonding, projection, conflict and development. Furthermore, Cooney (2005) and Handelberg (2012) highlight as well that most entrepreneurial teams consist of friends, relatives, and/or associates from former employers or educational institutions. In addition, Handelberg (2012) also mentions that the formation of a team is random, thus implicitly highlighting the importance of interpersonal relationships and the role emotions play in the Founding Team Formation process.

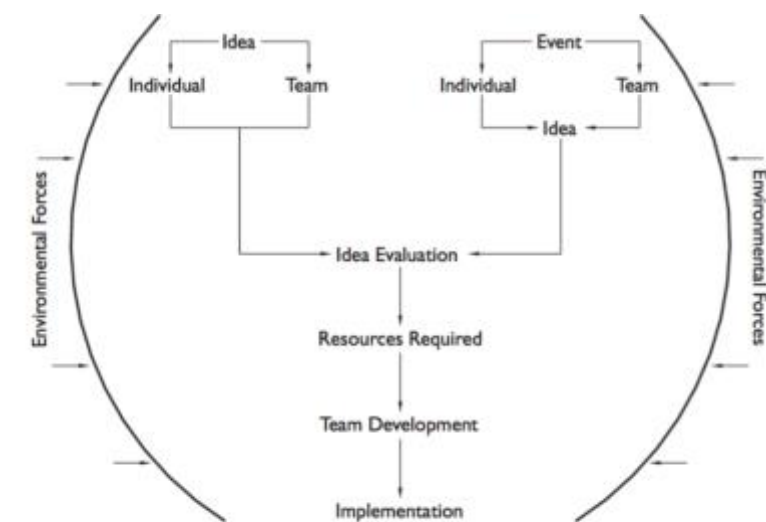


Figure 2. Process of Enterprise Formation

FIGURE 2: PROCESS OF ENTERPRISE FORMATION. COONEY (2005).

Cooney (2005) presents a model for enterprise formation (figure 2), where, like Kamm et al. (1993) he presents the idea as the catalyst of the venture formation process and implicitly for the team formation process, but he also adds that teams can form before the idea (Beckman, 2006), for instance during an event, where two individuals will decide to

work together without having a clear purpose and direction. However, Cooney (2005) sets the team development after resource acquisition, thus hinting at the process from a rational perspective.

Aldrich et al. (2007) and Forbes et al. (2006) reconcile both perspectives by stating that there are actually two models of team formation – a rational process model (driven by resource seeking) and an interpersonal relations model (driven by emotions) that will dominate at different stages the team formation process, depending on the firm's needs.

Several theories imply that entrepreneurs tend to partner for several reasons, chief among them homophily (see chapter 1) (Bryant, 2014) -similar personal characteristics, attitudes and beliefs - among entrepreneurs; or resource seeking behavior: strategically establishing the resources needed for success in terms of goals and business model, and looking for partners based on those needs (Forbes et al., 2006; Forster, et al. 2010). Initially, founders will partner in dyads for personal reasons, with people or friends they have known before and will expand the dyad for pragmatic reasons (Forbes et al. 2006; Forster, et al. 2010; Zheng, 2011;). Furthermore, Frances and Sandberg (2000) state that friendship allows the venture to bring in people who would otherwise be too expensive to acquire for a start-up, should friendship not be involved. Thus, the Entrepreneurial Founding Team formation process is a complex mechanism, where personal attraction and rational needs will combine, and guide the actions of the potential members involved. It cannot be solely explained from a rational point of view, or from a purely psychological perspective. These two perspectives are in fact mutually inclusive.

In addition, Boeker (2002) provides empirical evidence that as the company grows, founder turnover (exit and replacement of founding members) will increase too. This seems to happen as the resources and managerial demands of a growing firm will probably outgrow the founders' skills and capabilities, thus creating a need to bring in more experienced managers to run the firm. (Boeker, 2002; Clarysse et al. 2004). Thus, illustrating that as companies evolve a more rational approach to integrating members to the team emerges. However, this is only true for a mature firm and does not explain the initial moment when two co-founders will decide to come together.

In their study, Clarysse et al. (2004) offer an alternative version for Founding Team formation in research-based spin-offs. In this context teams form thanks to the role of a

“champion” –the leader/entrepreneur- that assembles the team around the idea and pushes to evolve the start-up into a well-established firm (Clarysse et al., 2004). However, these champions do not make good managers and conflict ensues as the firm calls for more experienced CEO’s. The necessity of managing this individual effectively is paramount, in order to keep a motivated entrepreneurial team and to increase the likelihood of survival of the company (Clarysse et al., 2004). This model is also highly systematic and based on tangible skills present in the founding team, partially due to the fact that the sample was derived from tech start-ups; although there is mention of the importance of getting along among members in order for the team to survive.

Overall, there are many reasons why two or more people might decide to partner. These include emotional reasons, such as feeling connected to the other one, knowing him or her from a previous working or affective relationship; and pragmatic reasons in terms of skills, educational background or connections possessed. Scholars agree on the utter importance, impact and influence of positive emotions in entrepreneurial teams, but fail to analyze the relationships among the team (Francis et al, 2000). It can be argued therefore that they will be even more important at the very first moment when two people decide to work together. As Cardon et al. (2005) stated, engaging in the entrepreneurial process is like raising a family: dating, commitment, and the bearing and raising of children (the start-up itself), duly illustrating the emotional nature and the importance of the team formation process. However, none of these scholars offer a view of the role of intuition in this process. We know that intuition is unconscious, implicit, fast and rapidly aids in forming judgements and opinions (Evans, 2010), and is severely implicated in driving emotions, as well as guiding us towards certain people. It can be therefore argued that intuition has an important role to play in the first contact between two prospective entrepreneurs, irrespective if they know each other or not. A more complete view on intuition is presented in Chapter 3: Entrepreneurship: An Emotional Journey.

Reasons for partnering up

Kamm et al. (1990) were the first ones to highlight the fact that more often than not there is a lead entrepreneur that will assemble the founding team. This lead entrepreneur will have the responsibility of properly articulating his goals and interests into a compelling and cohesive vision, shared by all the other team members. A view that Harper (2008) rejects

as he proposes that entrepreneurial teams are the major catalyst of new venture creation and he states that the emerging empirical evidence is at odds with the conceptual framework, which states that entrepreneurial agency lies solely on the hands of single enterprising individuals. Empirical evidence in this study, disputes Harper's (2008) claim nonetheless.

Early on Kamm et al. (1990) identified that entrepreneurs might partner early on for personal reasons, such as friendship, enthusiasm for the new venture, but might as well end up losing cohesion and dissimilar values, attitudes and beliefs might dissolve the entrepreneurial team. Consequently, Foo et al. (2006) argued that what matters most for a founding team and a nascent venture is that members stay together and remain excited about the teams' ideas. The commitment of the team that stays together and sorts through adversity could be taken as an antecedent of venture perseverance and success (Foo et al., 2006). Huovinen et al., (2010) support the idea that commitment to each other is paramount for the survival of the team and consequently that of the firm. In addition, Handelberg (2012) mentions that the reasons for partnering up include likeability, proximity, enjoyment of each other's company, likeness, and complementarity of characteristics, in addition to money to invest, experience and expertise.

Several scholars have found supporting empirical evidence to Kamm et al. (1990) theoretical proposals. They argue that the team formation process is a "dual process" (p.), wherein emotional and pragmatic reasons combine in order to find the best possible match. Indeed, Aldrich et al. (2007) highlight a rational process model of team formation, where selecting members is based on pragmatic instrumental criteria, such as complementary skills or work experiences. However, this research fails to analyze in detail the Entrepreneurial Founding Team. Forster et al. (2010) offer precious empirical evidence on Founding Teams. They argue that personal attraction and support as well as rational resource-seeking occur in new venture partnerships. Contrary to existing theory, however, there seems to be a pecking order in the partnership process. First, entrepreneurs look to partner for personal reasons, and then, only after they have another to help co-create the enterprise, does rational resource-seeking behavior appear (Forster et al., 2010). However, Aldrich et al. (2007) and Brannon et al. (2012) argue that these two models are not mutually exclusive, but instead combinatory, wherein, within the limits of interpersonal attraction, teams can still search instrumentally for members. Furthermore, there seems to

be a need for selecting members with complementary human capital and a need for fulfilling social needs before instrumental ones (Forster et al., 2010).

Empirical evidence suggests that social needs (interpersonal attraction) are fulfilled before resource acquisition (need for a programmer). Indeed, Founding Team Members usually share previous affiliations therefore they have a shared language, culture and narratives, suggesting a common perspective and trust worthiness. Shared beliefs and culture will have a positive impact on firm performance (Beckman, 2006). Thus, research seems to point to the importance of personal chemistry and trust between team members and more importantly co-founders in the Entrepreneurial Founding Team formation process. It appears that without a connection akin to that which spouses share, the process won't start.

In addition, trust and familiarity seem to be of great importance when selecting team members. This partially explains why people decide to partner with relatives or friends, as they already possess a very strong level of in-group trust, familiarity and support, thus fulfilling they key characteristics that entrepreneurs look for when assembling a team (Brannon et al., 2013; Discua et al., 2012; Francis et al., 2000).

Furthermore, Chowdury (2005) showed in his study that demographic diversity is not as important for choosing partners, as is the building of cohesion, trust and team commitment. However, it is important to have cognitive diversity in order to avoid turning the team into a group of sheep (groupthink). Therefore, it is important to know how to gauge commitment and learn how to work with different personalities, as well, as identifying the first signs of trust and loyalty.

What Makes a Successful Entrepreneurial Team?

Many parameters seem to come into play when building a successful Entrepreneurial Founding Team, a delicate balance between soft and hard skills needs to be achieved, as it is not enough that two people like each other; in a company they need to be able to produce results as well. Kamm et al. (1990) and Cardon et al. (2005) compared the Entrepreneurial Team to a marriage, in the sense that there needs to be “chemistry” between the partners in order to be able to work together. An Entrepreneurial Team, just like a marriage, is a place where two people should share common beliefs and interests, engage in active

communication, listening and self-assessment and exert a positive influence on each other (Kamm et al., 1990). In addition, Blatt (2009) argues that in very novel environments, it is necessary to care for the team members' needs and explicitly and transparently articulate expectations. Frank, honest and direct communication as well as empathy among team members, will help them combat novelty's damaging impact and, thus, build the strong relationships they need to succeed (Blatt, 2009; Chowdury, 2005).

Furthermore, Bryant (2014) claims that teams should develop autobiographical and transactive memories systems, as these mechanisms have an important influence on the pursuit of shared goals and coordinated action and will imprint the company for years to come. Failure to develop a common autobiographical memory within the team, will impact its future success, as it influences collective values, goal settings, social bonding and identity (Bryant, 2014). In a nutshell, co-founders need to be aligned in terms of values and objectives, so that they can create a virtuous circle where they learn from each other, commit their best to the firm and hopefully drive it to good port. In the end, the result will be a company with positive culture, values and structure that will last and impact future employees.

Ultimately, teams should strive towards building a strong cohesion among its team members, as it is an affective state that influences motivation and commitment and it positively influences team performance (Ensley et al., 2005). A cohesive team will have a trustworthy environment where to evolve, members can put greater and more persistent efforts (Ensley et al., 2005), thus allowing the team to blossom; in addition, a cohesive team can better deal with cognitive conflict (Ensley et al., 2002), thus remaining far from personal attacks, disenchantment and ultimately the disbanding of the team.

It is evident from the bulk of the literature studied and the empirical evidence it provided that interpersonal relationships play a key role in Entrepreneurial Teams. There is no going forward if team members do not connect and understand each other on an emotional and personal level, no matter how skilled and talented their might be. The marriage metaphor is really appropriate for entrepreneurial teams as it clearly illustrates the importance of fit, chemistry, shared vision and values between partners. One does not simply get married with the first candidate, just as one simple does not partner with whoever could be found through a network. However, just as one might intuitively know that a person might be

“good spouse” material; could one intuitively know that a person might be “good co-founder” material?

Entrepreneurship: An Emotional Journey

Scholars have long recognized the importance of emotions at work; and this is a particularly important aspect in the entrepreneurial arena (Baron, 2008; Breugst et al., 2012). Entrepreneurs often form a close bond with their organizations (Boeker, 2002) and are subjected to extremely high levels of uncertainty. Risk, stress and failure, make the entrepreneurial journey a highly emotional one (Cardon et al., 2012).

Emotion in entrepreneurship has been a relatively new subject, with most of the research concentrated on opportunity identification and evaluation. However, as previously mentioned, entrepreneurship is a dynamic process that is constantly changing. It involves the interaction of two or more people. Hence, when interpersonal relationships are at play, emotions, moods, feelings are involved and play a significant role in shaping the participant's behavior and responses to emotional stimuli. Thus, research could focus as well on the role of emotion in assembling a team (Cardon et al., 2012; Mitchell et al., 2005). In fact, entrepreneurship is such an emotional process that Cardon et al., (2005) compared it to the process of human procreation; founding a company is like giving birth to a child.

Emotion is the general label to define the wide array of subjective feelings a human can experience (moods, emotional states and affective personality) and Entrepreneurship is defined as a process that involves the recognition that there exists, or can be created, an opportunity for someone, the evaluation, the desirability and feasibility of an opportunity and its exploitation by the firm (Cardon et al., 2012). Entrepreneurial emotion, thus, simply refers to the affect, emotions and moods, and/or feelings (individuals or a collective) that are antecedent to, concurrent with, and/or a consequence of the entrepreneurial process (Cardon et al., 2012). Biniari (2011) defines entrepreneurial affect simply as the social– emotional interaction between the entrepreneur and the others who are influenced by the entrepreneurial process.

Cardon et al. (2012) argue that emotion at the team level should be more carefully researched as the interaction between founders' emotions is not well understood, even though many teams end up breaking-up. However, the study of these emotions is tricky as

it is difficult to recount personal experiences objectively, there is a big room for bias and or embarrassment if negative emotions were involved.

Studying the thinking-feeling-doing (Carland et al., 2012) connections, is particularly important, as Baron (2008) proved in his study that emotions have an impact in cognition and behaviors; and their effect is particularly more powerful in highly uncertain and stressful environments such as entrepreneurship. Understanding the connection and the effect between emotions, cognition and behavior; and their impact on the entrepreneurial process and in particular in entrepreneurial founding team formation is paramount; these three constructs are intrinsically linked to entrepreneurial intuition (Mitchell et al., 2005).

Furthermore, positive affect is closely related to demonstrating enthusiasm, and research indicates that enthusiasm, in turn, is closely related to persuasiveness, however this might also present a danger as strong affective reactions can lead entrepreneurs to prematurely accept potential business opportunities, ending up in failure later on (Baron, 2008). Last but not least, Biniari (2011) confirms that the emotions displayed during the entrepreneurial process will have an impact on the emotions and behaviors of others involved in the firm and that the emotional displays and emotionally driven behaviors of others toward the entrepreneurs moderate the “feeling of belonging” the entrepreneurs and their actions can achieve in the social context.

Another important element derived from emotion is that of entrepreneurial passion. In their research Breugst, Domurath, Patzelt & Klaukien (2012) argued that entrepreneurial passion is intrinsically related to employees’ commitment to the firm, and is defined as “consciously accessible intense positive feelings experienced by engagement in entrepreneurial activities associated with roles that are meaningful and salient to the self-identity of the entrepreneur”. Experiencing passion is typical of many successful entrepreneurs; it is the “fire of desire” that drives their daily efforts and research shows that leaders’ displays of positive affect is generally contagious and evokes positive affective experiences in employees at work, which, in turn, results in positive outcomes for the firm. Even though Breugst et al., (2012) found that passion affects employees negatively to a certain degree (fear of the entrepreneur leaving the company, to pursue other passionate opportunities), it is worth arguing whether an extreme degree of passion could potentially attract better and more members to the start-up that would be “infected” by the

entrepreneurs' passionate displays as "passion inspires us to work harder and with greater effect. The irony is that we hardly notice our effort. It comes easily and enjoyably" Cardon et al., 2005).

Overall it is correct to say that the entrepreneurial process is one of complex relationships (strong emotions and deep identity connections), and nascent entrepreneurs should be prepared for the challenges and emotions they are likely to face during the birth of their new venture (Cardon et al., 2005).

Interpersonal Relationships and Networks in Entrepreneurship

Aldrich et al. (2007) researched the importance that networks play in the entrepreneurial process and in particular in team formation. They argued that networks and social structures can explain the strategic actions undertaken by entrepreneurs, such as who tries to become one and who succeeds. Furthermore, networks are crucial in team formation as through them people will be able to mobilize resources (Baron, 2008) and climb through the social ladder; as Bourdieu said 30 years ago, people are no longer stuck in fixed positions during their entire lives (Aldrich et al., 2007).

In their papers, Aldrich et al., (2007); Beckman (2006) and Birley (1985) proved that more often than not, entrepreneurs will look for the financial and human capital they need, among their existing networks, made of family, friends, relatives, business and institutional contacts and that rarely they will think of including a stranger in the team (Blatt, 2009). This phenomenon is explained, partially, by the fact that people's networks tend to gravitate around a cluster, made of people with similar and or previous affiliations, similar views, norms, cultures and backgrounds; homophily –similarity- and familiarity are the most important drivers in building ties (Aldrich et al., 2007; Brannon et al., 2013; Ruef et al., 2003).

However, research has not been able explain whether people partner with people they already know because they do not want to come out of their comfort zone or because they genuinely believe that referrals are the best match for their needs. Since clusters form because socio-cultural constraints substantially limit the extent to which any two persons might encounter one another (Aldrich et al., 2007), thus people are contextually prevented

to reach out for more people than those members of their networks. In fact, strangers – people not related by kinship or known to one another prior to the initial interactions around the founding of a new venture – constitute the most interesting potential team members (Brannon et al., 2013).

The importance of networks highlights the ubiquitous presence of emotions and feelings in the entrepreneurial environment. In fact, people prefer to associate with people they previously know, as this generates conditions of high trust and social support (Aldrich et., 2007). In addition, one of the main obstacles in cultivating strong relationships is novelty – fear of strangers- this raises uncertainty among members; the greater the novelty a team faces –the greater the number of strangers involved-, the more daunting the effort to form and sustain relationships becomes (Blatt, 2009).

In his research, Baron (2008) hinted at the importance of feelings (affect) in social networks. He argues that when an entrepreneur displays positive feelings, this will have a direct impact on the breadth and quality of the entrepreneurs' social networks—the range and nature of the relationships he will have established with other persons. In general, the more extensive entrepreneurs' social networks, the more successful their new ventures will be. Furthermore, people that have common affiliations can engage in exploitation and act quicker and have a diversity of ideas that encourage exploration, thus benefiting the growth potential (Beckman, 2006).

Utilizing one's own networks seems a logical step in entrepreneurship. People want to limit the uncertainty and risk they will take and calling for familiar people increases the feelings of safety and awards a certain degree of control over the situation. However, by limiting one's search to known people, one also limits the opportunity for finding other potential partners. Indeed, one of the nascent entrepreneur's challenge can be described as not just the acquisition of needed resources but also the ability to identify those contacts most likely to provide those resources (Grossman et al., 2012). The question then remains whether to start a new venture with people one feels comfortable with or launch a blank search based on company's needs. A crucial question when launching a new venture.

When navigating the realm of the unknown, intuition takes center stage. We are guided by “our gut feeling” when faced with uncertainty. The value of new ties will depend heavily

on personal intuition and experience (Aldrich et al, 2007). In addition, novelty –new people- can undermine team members' ability to develop the relational capital (trust, identification, and mutual obligation) needed for a venture to succeed; therefore, entrepreneurial teams can counteract the challenges of novelty by adopting communal relational schemas (caring about one another's needs) and contracting practices (making expectations explicit and transparent) (Blatt, 2009).

Entrepreneurial Intuition

The importance of intuition has been accepted in organizational settings for a long time now. Indeed, the role of intuition and its importance in organizational decision making called for the attention of scholars in the 1980's. One of the first scholars to research it in a managerial context was Weston Agor (1986), who found out that top executives possess a strong intuitive ability in strategic decision making, but often conceal it from their employees. Burke et al. (1999) found out in a large study that 40% of the professionals surveyed, used intuition to make personnel, or people-related, decisions, and 42% of the managers interviewed said they learned or developed their intuitive skills.

Sinclair and Ashkanasy (2005) argue that in today's globalized fast paced world, managers need to rely on more holistic approaches for decision making and that decisions made based using only rationality and systematic processes do not always reach the 50% success mark. Furthermore, Sinclair et al. (2005) argue that decision-making processes are partially driven by emotion, imagination and occasional memories crystallized into occasional insights. It is evident then, that intuition has played a more important role in business arenas, than one is led to believe. Intuition is not a mysterious presence in the back of the head (Epstein, 2010). It is actually an unconscious thinking process that influences many if not most of the decisions a human can make (Burke et al., 1999 & Epstein, 2010).

Intuition has been an important concept in many scientific fields, but more particularly in psychology. Indeed, Evans (2010) defines intuition as one of two types of reasoning that work in parallel in the brain. Type 1 is characterized as fast, intuitive and high capacity, whereas type 2 is slow, reflective and low capacity and directly linked to working memory. In his theory, Evans (2010) argues that humans will resort to type 1 reasoning when larger amounts of parallel information need to be processed (Betsch et al., 2010), thus providing a

quick answer that provides feeling of confidence and can provide accurate judgements when based on relevant experiential learning. However, intuition posts conscious feelings, which enable type 2 – reasoning – to intervene on those feelings when necessary; engaging reflective reasoning depends on a whole host of factors (Evans, 2010).

Evans (2010) and later on Baldacchino et al., (2015) define intuition as linked to our animal mind; instinctive, fast, autonomous, holistic and implicit; however, it is also linked to personality type and cognition, not all humans engage intuition at the same level. Betsch et al., (2010) agrees on the fact that there are two different types of information processing operating in the brain: intuition deals with judgement and decision making where information is integrated in order to produce an output decision (preference, choice) and analytic thinking chiefly responsible for input information such as search, generation and change of information.

Intuition has only recently been studied in the field of entrepreneurship (Baldacchino et al., 2015). Indeed, Mitchell et al., (2005) and Baldacchino et al., (2015) argue as well that it is derived from emotion, and where no logical explanation exists, entrepreneurs often use intuition to explain their actions with intuition often credited as the seed of entrepreneurial activity (Baldacchino et al., 2015). Indeed, intuition is attributed to decisions concerning buy/sell, opportunity identification, choice of partners and market choice. Furthermore, Allinson et al., (2000) argue that a successful entrepreneur will be of necessity be intuitive, given the context in which he operates: ambiguous, uncertain, with incomplete information and under time pressure. Agor (1986), Baldacchino et al., (2015); Betsch et al., (2010) and Evans (2010) both coincide on the fact that intuitive decisions come from a capacity to integrate and make use of information coming from both the left and the right sides of the brain. It is a product of both factual and feeling cues, a cousin to logical thinking. Miller et al., (2005) simply define it as thoughts, conclusions, or choices produced largely or in part through subconscious mental processes; a holistic hunch linked to automated expertise.

Entrepreneurial Intuition as a construct has been scarcely studied. Mitchell et al., (2005) attempted to provide a working definition in their paper. They argue that Entrepreneurial Intuition is linked to entrepreneurial alertness (Allinson et al., 2000) and cognition. It is a mental process rather than a mental property or attribute. Consequently, Mitchell et al., (2005) situate the entrepreneurial intuition construct within the opportunity identification

domain and define it as: “the dynamic process by which entrepreneurial alertness cognitions interact with domain competence (e.g., culture, industry, specific circumstances, technology, etc.) to bring to consciousness an opportunity to create new value” (p.667). This concept resonates with Dimov (2007), who argues that individuals engage in intuiting when generating ideas with perceived potential, process primarily focused on insight; they will, however engage third parties in further refining and gaining support for the ideas. Baldacchino et al., (2015), Betsch et al., (2010) Blume et al., (2011) and Epstein (2010) agree as well on the fact that intuition is dependent and directly linked on domain specific experience and expertise. Dimov (2007) further adds that individuals move from intuiting to interpreting, thus making the process in opportunity seeking appear as a dual intuitive-rational process, a fact that resonates as well with Blume et al., (2011). In addition, Dimov (2007) defines the process of intuiting as “the preconscious recognition of the pattern and/or possibilities inherent in a personal stream of experience.”.

However, Allinson et al., (2000) and Blume et al., (2011) argue that entrepreneurs will engage in a dual process as well, where rational processes will guide the construction of business plans, opportunity analysis, resource acquisition and goal setting, whereas intuitive, holistic, and contextual thinking inspires vision, hunch an expanded view of untapped resources, and a feeling of the potential of the enterprise. These concepts go hand-in-hand with Evans’ (2010) psychological theory of dual process thinking. Thus, Allinson et al., (2000) conclude by saying that entrepreneurs are classical intuitive-thinking-perceptive personality types whose intuitive capacities allow them to accommodate many of the critical aspects akin to entrepreneurial activity.

However, trying to rationalize intuition and its role in any given process within entrepreneurial activity is a very challenging task, due to its non-conscious nature; people know it is there; but cannot really pinpoint how it works or when (Baldacchino et al., 2015; Betsch et al., 2010).

In a nutshell, intuitions are fast, unconscious, holistic, implicit and autonomous; they are affected by emotional cues, personal experience and expertise; they are credited with decision-making, perceptions and judgement in both organizational and entrepreneurial settings; can be overridden by analytical thinking when necessary and are often used in opportunity seeking by entrepreneurs.

Research Framework

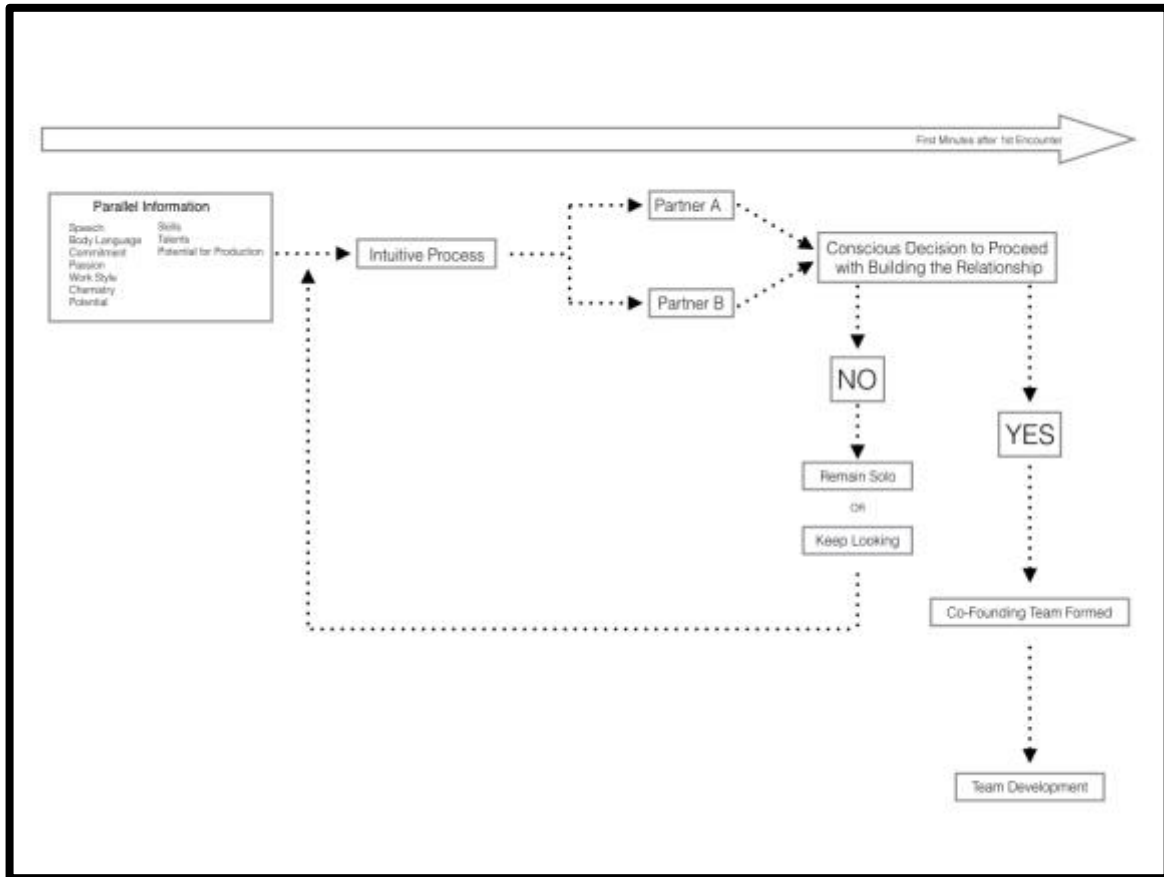


FIGURE 3: THE ROLE OF INTUITUION IN THE FOUNDING TEAM FORMATION PROCESS

Throughout this Literature Review, we have seen that emotions and interpersonal relations are equally important at the organizational level as well as the start-up level. Personal relationships take an even more important role at the Entrepreneurial Founding Team Formation process, as it is perhaps the most decisive moment, not only for the entrepreneurs but for the company as well.

A successful team will imbue the company with a positive vibe, a shared cultured, a common vision and beliefs, a trustworthy atmosphere where every member can blossom and make tangible and useful contributions, ultimately driving the performance and growth of the company up.

However, there are many elements that need to be taken into account in order to select the best candidate. Things like the level of commitment, motivation and passion as well as talents, skills need to be analyzed. Entrepreneurs face a tremendous amount of information

that needs to be processed fast and accurately in order to make the best possible judgement for the team's and the company's future. It is not an easy task, in fact it is a rather daunting and challenging task.

Given the nature of intuition as a largely unconscious neurocognitive process that processes a tremendous amount of parallel information in order to get to a conscious decision/judgement, it is possible to say that following one's "gut feelings" will be crucial in order to make the best choice. Chemistry between two people is something that is felt almost instantly: "you just know"; the challenge remains to see whether that "gut feeling" was right or wrong; as intuition can also be a "faux" friend.

In addition to considering that Entrepreneurial Intuition plays a key role in opportunity recognition, and by extension, in potential partner recognition; this research argues that intuition will play a key role at the very moment of the first encounter with a potential partner. It is at this moment that a holistic analysis of the other one will take place; where many elements, such as speech, body language, chemistry and feeling will be processed by both partners in order to decide whether to continue or not. These elements are illustrated by the proposed research framework (figure 3). Consequently, after the two potential partners have both felt that it is "right" to work together, a period of team development will ensue. During this phase, the founding dyad, will test if their "gut feelings" were right or wrong, just like in the beginning of a relationship, they will start formally dating before the marriage. It is worth noting that this process takes place almost instantly, thus making it hard to rationalize.

Research Design

In order to understand the role of intuition in the founding team formation process, it is necessary to conduct a qualitative and inductive research based on multiple case study. We are dealing and trying to understand -explain- (Yin, 2009), a very complex social phenomenon; that of intuition in an individual's decision-making process. This fact justifies the selection of a case study as the preferred research method (Yin, 2009). In addition, when dealing with a "how" question; the researcher has little control over the events and the focus is a contemporary phenomenon within a real-life context; a case study is better suited for the research purposes (Yin, 2009). The research question for this study is "how do Entrepreneurial Founding Teams form?", the researcher has no control over the circumstances and the events are taking place in existing early stage-ventures, thus gathering the requirements for adopting a case study research. This research method will allow us to capture the richness of the feelings and information, from multiple data sources (Eisenhardt & Graebner, 2007) involved in intuitive decision-making, in addition to letting us understand why those decisions were taken, how they were implemented and with what result, in order to draw a "cross-case" conclusion (Yin, 2009).

Multiple case studies are thought as the best alternative, since they allow us to capture a group process. In addition, cases are the basis from which to develop theory inductively. The theory is emergent in the sense that it is situated in and developed by recognizing patterns of relationships among constructs within and across cases and their underlying logical arguments (Eisenhardt et al., 2007). By having multiple cases, each a single unit of analysis, it is possible to achieve "replication logic" in order to draw conclusions and build theory (Eisenhardt et al., 2007).

The research is conducted through semi-structured, open, face-to-face interviews. These allow us to capture thick description, nuance and meaning (Neergard, 2007). The preferred method of analysis is thematic analysis. This method allows us to identify, analyze, and report patterns, within the stories told by the participants (Braun & Clarke, 2006). Thematic analysis also seems more suited as it does not require the detailed theoretical and technological knowledge of approaches such as grounded theory and discourse analysis, in addition to offering a more accessible form of analysis (Braun & Clarke, 2006). Since the research question has never been studied before, thematic analysis allowed to study the

data without being tied to any pre-existing theoretical framework. Furthermore, thematic analysis reports experiences, meanings and the reality of participants (Braun & Clarke, 2006). Making sense of the motifs behind the decisions that led the participants to choose their current members or to disband is the main objective behind this research.

Data Collection

In order to gather the data, five early stage start-ups were selected; irrespective of their industries. Since founding members are the first people that come together in order to develop an idea into a business, there were some limitations what came to selecting the companies. First of all, as the objective of this research is to analyze how the group forms; entrepreneurs who were currently working with at least another person were sought for. Second, those two or more people had to be considered co-founders by each member of the team. Third, they had to be actively involved in the daily management of the firm. Fourth, their companies should have been less than 2 years old with no or very early productive activities. After cross checking the participants to see if they gathered all these requirements, nine individuals were interviewed in the space of a week. Each individual represents a unit of analysis, thus allowing for a varied and rich source of data concerning the subject.

The sample consisted of five Finnish males, two Indian males, one Finnish-American female and one Colombian female, all of them from engineering and business backgrounds. The participants, except for the Finnish-American woman, were still involved in their companies. At the time of the interview, the Finnish-American entrepreneur had recently closed her start-up arguing difficulty to find suitable partners. In addition, three days before the interview, the Colombian entrepreneur had separated from her co-founder. Even though, these two participants had a change in their situations, their stories proved most useful when analyzing the role of intuition in the team formation process and were consequently kept for the study. All of the participants were either Aalto alumni, current students or were related to the Aalto startup eco-system. Table 1 presents a summary of the study participants.

TABLE 1: RESEARCH PARTICIPANTS

Participant	Gender	Age	Background	Interview Date
Finn 1	Male	27	Business	10.10.16
Finn 2	Male	27	Business	11.10.16
Finn 3	Male	27	Business	11.10.16
Finn 4	Male	25	Engineer	11.10.16
Finn 5	Male	24	Engineer	13.10.16
Indian 1	Male	26	Engineer	11.10.16
Indian 2	Male	27	Engineer	11.10.16
Finn-American	Female	38	Business	12.10.16
Colombian	Female	27	Literature	13.10.16

The participants were initially contacted through the Aalto network and all agreed immediately to participate in the study. It was chosen to keep their identities and companies anonymous as they were not interested in having very personal opinions disclosed publicly. All the interviews took place at Aalto School of Business. Each participant was interviewed separately and each interview lasted about 45 minutes. Broad questions, linked to theoretical findings were used to guide the interviews in order to collect comparative data. All of the interviews were recorded for later analysis.

The main themes used for building the interview protocol were: the description of the process of team formation from each participant's point of view; how fast did it take for them to figure out they wanted to join their start-up; how did they evaluate the role of *their* intuition in the process and how do they feel about their decision today. It was important to let the interviewees feel relaxed and comfortable, in order to allow them to confide their experiences for the research, thus the questions were mainly used for bringing the discussion to topic, with most of the time the participant dominating the talk and the researcher carefully listening and asking clarification when required.

Being a member of the Aalto community has the advantage of offering an easy and quick access to many entrepreneurs, however the main limitation is that the chance of having people with similar profiles and backgrounds is high, thus leading to bias in the study and not properly reflecting the varied experiences of the many entrepreneurial profiles available.

Data Analysis

As previously mentioned, the preferred method for analysis will be thematic analysis. Each interview was carefully analyzed to look for common themes narrated by the participants in order to draw a cross-case conclusion of the role on intuition in the Entrepreneurial Founding Team Formation process. The interview protocol was derived from the Literature Review. Table 2 illustrates the rationalization of the building of the Interview Protocol.

TABLE 2: THEORETICAL LINK TO INTERVIEW PROTOCOL

Elements Examined	Question Content	Theoretical Link
<u>Background Questions</u>	Describe your entrepreneurial experience.	Cooney, 2005
- Previous Experience in Entrepreneurship	What came first, the team? Or the idea?	Gartner, 1994
- Development of Idea/Team	How many co-founders are you?	Kamm et al., 1990
- Number of Members	Describe the main elements that guided you through the whole process	
- Elements guiding the choice of partners		
<u>Partner Analysis</u>	What did you like from your current partner?	Aldrich et al., 2007
- Elements that incited attraction	How did you select him?	Baron, 2008
- Process of Team Formation	Did you systematically analyze him?	Beckman, 2006
- Systematic Analysis (yes? No?)	Did you know him beforehand?	Forster et al., 2010
- Previous affiliations with current partner	How did you form the first impression of your partner?	
-		
<u>Role of Intuition as such</u>	How long did it take you to know he was the one?	Agor, 1986
- Length of the Decision-Making	Do you think that your intuition played a role in selecting your partner?	Allinson, 2000
- Availability of other alternatives	Where in the process do you think that your intuition played a role?	Baldacchino, 2015
- Personal Opinion on Intuition	How do you think your previous experienced influenced your choice?	Betsch, 2010
- Development of Intuitive Capabilities	Do you consider yourself as an intuitive person?	Blume, 2011
- Description of Decision-Making Process	Do you deliberately try to develop your intuition?	Evans, 2010
- Current standing of decision		Mitchell et al., 2005
- Gauge the role of Intuition in the process		

Empirical Findings

The following section presents the results of the thematic analysis. Overall 63 basic themes were organized into 14 organizing themes, which were in turn organized into four global themes. As the main objective of this study is to find out the role of intuition, the organizing and global themes were formed by keeping that objective in mind. The purpose of the theme organization is to better understand what role did intuition play from the participants' perspective and how important it was to them in selecting their current co-founders. The global themes are: *the role of intuition in the founding team formation process, the importance of intuition in the process, the antecedents of intuition and being aware of the presence of intuition.*

A total of nine interviews were conducted. Since the research is focused on early start-up teams, companies that have been incorporated for less than two years were sought for. Of these start-ups, two have just started their services, one has not started production yet, one started its service a year ago and one recently closed its operations after just two years of production. In addition, three start-ups have their full original co-founder teams still in place and one just recently disbanded. All of the co-founder teams started as dyads (two partners), with only two teams rapidly expanding to three or more members. Given the fact that problems within the team were the reason why one team disbanded and the other decided to close production, the views provided by these two people were judged pertinent for the study and thus duly analyzed.

The Role of Intuition in the Entrepreneurial Founding Team Formation Process

It was revealed by the majority of participants in the study that intuition played a large and important role in the selection or rejection of their current co-founders. It turns out that intuition played a role in the appraisal of soft vs. hard skills, length of decision making, development of the Founding Partnership and its subsequent trial periods.

Soft vs. hard skills: Research revealed that most of the teams started with a solo entrepreneur who had an idea and sought to develop it further. From that point onwards they started looking for at least one co-founder. However, most participants didn't explicitly look for a person who would offer a lot of "talents" to the company, instead, they

looked for interpersonal compatibility, similar likes, objectives and interests. In the case of two of the participants, who started looking for people based on resource acquisition, things turned out very badly. One of the participants actually said *“I didn’t find a match because I couldn’t trust anybody, nobody was good or interested enough”*, while the other participant said *“I have always had a very strong intuition and somehow, something always bothered me a lot about him and it was his lacked of commitment. He was effortlessly smart, but a real slacker.”* Similar statements were repeated by all of the participants. To them, sensing that somebody was genuinely passionate and committed to the firm was the main element in selecting the first member of the team. A participant recalled that during the first meeting, the potential partner sent *“very good signals”* and the person was *“honest about his motives, skills and the chemistry was good from the start”*. Many times during the process *“feeling”* was guiding them in making the choice or telling them that it was wrong to select one or other candidate: *“I got this “gut-feeling” that things would not work as we could sense some different ambitions”*, while another participant explained that she ignored her intuition: *“I was pressured into making a choice, as you always hear that you need to develop the technology fast, otherwise somebody else will do it before you do it.”*

Once, the participants felt comfortable with their decisions, they looked for what the potential partner could offer in terms of skills and productivity. One participant actually remarked that *“I didn’t directly look for what he could bring to the table, but it was reassuring to know about his skills and experience”*. From this perspective, it is then evident that when looking for a potential co-founder, soft skills prime over hard skills. People seem to look for others that mirror their aspirations and this is the first step for deciding to embark in new venture creation. One participant actually remarked about hard skills *“the problem when you deal with experienced people is that they think that they know more and better than you.”*

Length of Decision-Making: One of the main processes indicating that intuition is at work is that the people involved reach their conclusions and make a decision pretty fast. This was true for all of the participants. Some of the statements that came up during the interviews were: *“Right from the start, I had a very good feeling about him.”*, *“it was: let’s go with this, it was an instant choice.”* Besides one, none of the participants, systematically engaged in a search of potential start-up positions, or looked for other

candidates. However, the first time they met, it was, as somebody put it, “*love at first sight*”. This little detail indicated that the participants were intuiting right from the start whether the person they had across had potential or not. They didn’t really question that fast decision, they just went ahead with it and took the risk. In seven cases out of nine, their decisions had proved correct until this date. With all of the participants declaring that they are happy and very satisfied about their choices for co-founders.

Formation and Development of the Dyad – Partnership: In eight out of nine cases all of the participants stated that they started as dyads (two members), that is, that they looked for only one additional member in order to start the new venture. In one case the dyad disbanded in less than six months and the other participant didn’t even reach the dyad stage, citing lack of suitable partners. It appears thus that for selecting this first team member, the choice is merely guided by intuition and skills are kept backstage. As one participant remarked “*I would never hire or work for that matter with the most talented programmer in the world if he was not just the right match. Like with the chemistry between personalities or if he didn’t share the same values, if he would be from another planet values-wise, I wouldn’t work with such a person.*”, while another remarked that “*the decision was purely intuition-based pretty much, skills always come a bit second when you are starting this type of start-up.*”

However, the role of intuition seems to decrease after the dyad is established. The now co-founders start looking for other co-founders if they feel the need to. From this point onwards, team members engaged in a more rational seeking process as they started analyzing what are the skills they need in order to keep developing the company. Furthermore, the dyad will now work as one entity, where all the decisions are joint and both members need to approve of any extra member. It could be argued that the dyad becomes the head of the company and once these two people have found common ground they will be more of a mutual support to each other, than anything else. One participant remarked “*When X left, I stayed with M and both of us were, hey, a really good guy, a really good feeling. Thumbs Up.*”; “*He had a good character, we shared the same interests and you could obviously see that he is very productive, he is doing a second master and has 10 years plus experience in programming.*”; when asked about why the dyad didn’t expand, a participant remarked: “*So we made a mistake in that, because we didn’t talk immediately between R and I about our gut feelings and that also led to the*

problem that we didn't talk to the other two." In addition, when asked about the reasons for selecting his third co-founder; another participant remarked: *"I wonder why couldn't P do it alone, he was an engineer, but he is more of a typical engineer, very good at building but not so much at talking, so S is better at that. He is an engineer too but he can also do interviews, conduct user research and is more at ease with investors, pitching and so. Whenever I have a meeting, I take S."*

One start-up had actually expanded to four co-founders, their members explained that they wanted to get more professional experience and develop their skills. The lead co-founder of this start-up actually stated that his three fellow co-founders were *"extremely good engineers and designers, just what I needed for the project. I liked them and we are a good match, personality wise, but yeah. I looked a lot about what they could bring to the table."*

Trial Periods: The results point to the fact that no matter how good one's intuition is, it is not infallible. Thus, all the respondents agreed on the fact that there should be some sort of "trial period" from the moment the two potential partners meet, until they incorporate the company. Selecting a co-founder or gathering the team goes beyond personal chemistry and getting along. Yes, it is important that the team members share friendships as well as strong ties, but they are also in it for the creation and growth of a new venture. Therefore, working styles, and similar professional mindsets need to match as well. These are things that cannot be solely discovered through intuition. The participants stated *"I was not friends with my co-founder, we liked each other, but we didn't start a company straight away. We did it after working together for almost a year [...] However good my gut-feeling is, I wouldn't trust it enough to meet somebody today and start a company today, so this was still a project and I think it is always good to work together for some time."* In addition, another participant remarked *"my first failed start-up experience taught me that you should first do some work as a team, and then jump into the start-up."*, while another participant mentioned that *"something that I learned was that you cannot give up equity so easily, if you are looking for somebody based on talents, then it is better to pay a salary. I think it is essential to work together for a considerable amount of time, before having that person join as a co-founder."* One participant even, explicitly, expressed that: *"You should always form a team with people you have worked with before."*

To sum up, research revealed that intuition did play a large role in the selection or firing of the participants' co-founders. Participants acknowledged that their intuition was at work when they chose their current co-founders, made their decisions almost instantly and were for most of them, satisfied with following their "gut-feelings". The presence of intuition can be acknowledged to work in a reversal way too. Participants did not only state that intuition guided them in making the correct choice, but also that when they didn't follow their intuition, they actually ended up making the wrong choice. Overall, participants graded intuition on a high level when rationalizing the process of team selection and judged that it is paramount in all people matters.

The Importance of Intuition for Entrepreneurial Founding Team Formation

Results revealed that when dealing with people matters, intuition plays a very important role in selecting potential co-founders. Participants argued that intuition helped them gauge trustworthiness of the potential partners. In addition, intuition is a key element in interpersonal relationships.

Trust: Intuition and trust appear to be related to some extent. In selecting co-founders, the participants used their "gut-feeling" to gauge whether they could trust the person they had in front, in terms of compatibility, working styles, capacity to deliver, values and vision alignment. As previously mentioned, the participants made an informed opinion very fast and thus proceeded to take the relationship forward to test whether those first impressions were true. The feeling of trust among the nascent partnerships was almost instant, which indicates a connection to an intuitive process. One participant stated that "*I think that you can pretty well spot who is in it for the right reasons*", while another one remarked "*I know what my first decision in a situation is, and somebody can talk me out of it or I can talk myself out of it, but I always have a base decision. Intuition to me is the good or bad feeling I can have about something, if I can trust the other person, if the situation brings a good feeling.*" In addition, trust seems to be a precursor to the success of the Founding Team formation process and works like in a virtuous circle; the more you bond with your teammates, the more trust you will generate among all of them. Likewise, the more you trust your team members, the more you will bond with them. A participant remarked that "*When you pick as co-founders, people that you already know, you should be able to trust*

them easily, this is hard to build with just any other people, for example with P, I hadn't worked with him before, but I knew him very well from Design Factory."

Emotional Responses for "people matters": Research revealed that intuition is a main driver in the development of people relations. When making such an important decision as choosing who will you engage with in new venture creation, all of the participants stated that they were guided mostly by their "*gut-feeling*". The main point for knowing whether that person was right or wrong, was whether they felt a "*good feeling*" or "*positive vibe*" about the other one. This was not only true for the main entrepreneur but also for the potential co-founder. It appears thus that intuiting is a two-way street. It is not enough that the lead entrepreneur will feel good about his/her partner, but the partner needs to reciprocate and mirror those feelings as well. Many of the respondents compared their decisions to choosing a life-partner. They argued that it is a similar decision in importance and that you simply "*just know*" whether that person will be good or bad. The main obstacle when trying to explain how intuition works from a rational perspective is that people are not always aware that they were intuiting when making a decision. Most of the participants find it difficult to explain the selection process from a pragmatic angle, instead they argued that they "*sensed or felt*" that the person was right. Participants mentioned that "*I had a very good feeling from the start, I noticed his being, very relaxed, obviously intelligent, obviously wanting to learn and obviously like a doer.*"; "*He seemed like a fair guy, I sensed that there could be an opportunity there.*"; "*Are you comfortable with that situation? That person? That's it.*" However, most of the participants agreed that in "*people matters*", your "*gut-feeling*" is a very good measure for knowing whether to jump in or out of a partnership. In addition, most of the participants agreed either implicitly or explicitly that their emotions played a large role in selecting their current co-founders. Even the most pragmatic participants, mentioned that they chose their co-founders not only because of their skills but because they were "*good guys*" and they "*got along well*".

Interpersonal Relationships: As previously mentioned, participants stated that their intuition was at play when dealing with people matters; that is when dealing with everything that has to do with interpersonal relationships. Most of the participants argued that they could easily intuit certain key characteristics from their co-founders that pushed them to continue forward the nascent relationship.

- *Personality Type*: When selecting a co-founder, having similar personality types was a positive factor in deciding to develop the relationship forward. The participants revealed that having similar personality types aided in the solving of work conflicts, created a positive atmosphere within the team and facilitated working styles. In a way the co-founders mutually mirror each-other and this helps them engage easier and commit more to the company they are creating. One participant stated that *“we are pretty good at talking candidly, honestly but respectably, none of us is the yelling type, we are not going to lose our temper.”* Another one remarked: *“I think that we are very good at communication and also doing things without communicating, so the winging it culture [...] we have to improvise and think of stuff very quick, so from the get go we’ve been very good at that.”* While the participant who had to fire her co-founder argued that *“Next time, I will see if we have similar working styles [...] it is about being connected at the same level.”*

- *Values/Vision*: Being able to gauge early on whether the co-founders had several values and vision was a key element in the continuation and success of the Founding Partnership. As previously mentioned, participants formed an informed opinion of the others and quickly decided to proceed. During the first meeting, however, they were able to gauge whether the chance of having the same values and vision for the company was high. Even in the case of the failed partnership, the first meeting went fine and things only went downhill after three months of the start of the relationship. Nonetheless that participant always had “reservations” about her co-founder, even though he seemed like a nice person and had the required experience. Participants seemed to easily and quickly intuit whether the co-founders were genuinely passionate and motivated about the idea and shared the same interests. One participant argued that *“you could see that that they were genuinely interested [...] we shared a genuine passion about nature. He obviously had the same passion.”*, while another participant mentioned that *“it is really important to have aligned values, shared values from the beginning.”* Another participant pinpointed that *“we could sense some different ambitions”* when talking about two people that were not selected to join as co-founders. Furthermore, another respondent mentioned as well that: *“in the beginning I didn’t want to see the bad things directly, but after some point I said, enough! This has to stop now!”*

He has to go!” One participant mentioned that similar experiences and backgrounds were important as they would be a good predictor of similarity in values, vision and working style. He remarked that “all of us were PDP alumni, so we had some kind of common ground, we had been through the process, so we were more likely to fit.”

- *Shared Expectations / Goals:* Another key element that came repeatedly throughout the interviews and seemed to be directly related to an intuitive process was: being able to perceive whether the co-founders had the same goals for the company. This element seems to be derived from the previous ones. After participants had a clearer idea whether they had matching personalities, working styles and similar values; they could more reliably know whether all in the team had the same expectations for the company. For instance, for one start-up, the lead entrepreneur and his co-founder both agreed early on the purpose of the company. Their purpose went beyond making a quick exist and an IPO (Initial Public Offering). During the interviews they remarked that *“for us, it is like inspiring people to care about nature, to connect with it and we believe that you can’t protect something unless you truly care about it.”* In addition, the failed experience of one participant duly illustrates that if the co-founders do not match on an emotional, cognitive and professional level, the relationship is most likely doomed from the beginning. In her case, the person was in it for the prestige of the position and because start-ups are trendy, but not because he was genuinely motivated, passionate and committed to the idea, the company and its subsequent growth. She remarked about intuition *“It is a delicate thing, because it cannot tell you how that person will work or produce, but it can tell you whether you will get along and are aligned. That is the main issue, when you select a co-founder, you are selecting a teammate, instead of a person who is able to produce/deliver a lot. If you want somebody who will produce and that is all you want, pay that person a salary but don’t make her a co-founder. A co-founder is a person with whom you will laugh, cry, and spend a considerable amount of time with.”*

Research showed that intuition does play a tangible and important role in the Entrepreneurial Team Formation Process. Human relationships are complex, there is a myriad of variables that one has to quickly analyze for making an informed decision. In the

formation of the Entrepreneurial Founding Team there appears to be a clear connection between intuitive processes and quickly analyzing important factors like personality type, similar interests, passion, genuine commitment and interest as well as similar professional goals. All of the respondents agreed on the fact that maximum “two dates” are enough for knowing whether the person, and therefore, the relationship will have potential on both a personal and professional level.

Antecedents of Intuition

As mentioned by Evans (2010), intuition is at play when the human brain needs to process a considerable and parallel amount of information. In addition, research revealed that there are several elements that facilitate or kickstart the intuitive process in selecting potential co-founders. These are: parallel information, the right context and timing for starting the company, the networks or previous referrals and previous experience.

Parallel Information: The participants agreed that they had to evaluate their potential partners on several fronts, quickly and accurately. As in any other interpersonal relationship, the co-founders need to match on many levels and many aspects. They need to be on the same page what comes to working style, goals and mutual support and understanding. A person who is very impulsive and explosive, for instance, won't be a match for somebody who is quiet and calm and likes to talk things through. However, since the objective is to start a company preferably fast; as achieving growth and profit might take some time, the co-founders need to make their choice fast and well, in order to avoid pitfalls and risk jeopardizing the firm.

Research showed that the main elements that partners analyzed in order to make an informed decision were: passion, commitment and willingness to sacrifice for the firm. In addition, similar working styles and capacity to communicate well, within the team and to other stakeholders was also a key element driving the choice. Being an Entrepreneurial spirit was important as well, in order to join the team. Besides the soft skills that the participants looked for, working experience, entrepreneurial experience, and specific domain mastery, were elements that were considered too. Although this was truer for the 3rd member than for the initial dyad formation.

Participants remarked *“I noticed his being, very relaxed, obviously intelligent, obviously wanting to learn and obviously like a doer [...] he sent very good signals. I didn’t make emphasis on his degree and experience when we first met, but it was a reassuring thing and he explained very well why he cared about this idea. You could obviously see that he was very productive.”* Another participant remarked about what he analyzed from his co-founder: *“He seemed like a fair guy, he could communicate his idea, which I appreciated, because you hear a lot of very hard to understand ideas or concepts [...] I thought the idea was OK, it had something to do with something I am interested in, nature, but also thinking about technology could be used to make access to nature easier.”*

On deciding not to work with some potential co-founders, a participant remarked *“We had this weekend where we made couple of different business canvasses and the other person was very easy to communicate with, but the other showed his ambition and had a very different way of communicating also and we started feeling that the company would be very different if we would work with them [...]it is difficult to explain analytically but it was about the ideas they brought up for starting the company and also for exiting it.”* It can be easily inferred from these statements, that all members go very quickly through a considerable amount of information, in order to decide whether to form a team or not. In connection with what was previously presented, parallel information involves both personal and professional information about the candidate: soft and hard skills. One participant explicitly remarked about the connection between intuition, parallel information and decision-making *“I think that in big life decisions like is this the girl you want to marry or is this the house that you want to live in? or things like that, I think there are just too many elements for you to actually process it in your pre-frontal cortex, so in your rational decision-making, so I think the “gut-feeling”, if you know how to detect it and listen to it, that is your subconscious at work, so I think that at least it is my guideline that I follow often, so I think, in the end, in people matters, where so many little things are taken in but you don’t realize it.”*

Context-Timing: Research revealed that an important antecedent for kick-starting the intuitive process is being at the right place and the right time. In other words, the context in which the co-founders will meet and the timing when they will decide to partner together is extremely important. Without prepping their minds, the intuitive process, of selecting a co-founder won’t start. Therefore, a conscious mental preparation presupposes the search and

selection of a potential co-founder and the intuitive decision-making associated with it. Being consciously prepared means having clear objectives in mind: an established idea or a strong willingness to engage in new venture creation, sometimes both. From there, entrepreneurs seem to start to consciously look for at least one co-founder and will later on allow their intuition to guide them to a higher or lesser degree in making a decision and forming a team. This is true for all the people involved in the process, not just for the lead entrepreneur. Both elements need to be fulfilled, in order for the team to assemble and start working smoothly. In other words, finding the suitable co-founders is a difficult, complex and lengthy process, where both personal chemistry and bonding as well as talents need to match. For most of the participants, finding their current co-founders took at least six months.

In the case of the participants, they were involved into some other projects or start-ups before their current ones, but they failed because the context and timing were not the right ones. They shared the idea with friends but started their companies with somebody else, because the friends were not ready to start or wanted to get involved with something else.

For instance, a participant revealed that he went through several team iterations, because the people he had chosen kept on vanishing, or just saw the company idea as a school project. Another one remarked that he wanted to create something, he assembled a team but it dismantled because the members were not sure whether to engage in new venture creation and all the risks and pressure that come along. Other participants did not start their companies until they were sure they didn't want to be employees somewhere else. As one participant remarked: *"a lot of people were very enthusiastic in the beginning, but they were not ready to face or deal what entrepreneurship is all about, the time and effort that it requires. You need to constantly know what to do and what comes next."*

One participant remarked about looking for his 3rd co-founder: *"During the spring we thought that we needed extra hands, because we figured that there is a lot to do, I have a business background so I can do a lot of hustling, my partner is still learning the programming, if we found some other people it could be good, but we didn't actually look for others."* Here, it can be clearly seen, that even though the dyad was not consciously and actively looking for team members, they were aware that they needed somebody else and were open to the opportunity of finding somebody else. Another participant explicitly

remarked that: *“I think we failed purely because of timing, it was a time of trying. Firstly, it was during the summer and after the summer we all got to decide whether we wanted to continue or if we should do something else. Someone got a job and three of us joined the board of Aalto Entrepreneurship Society, and we knew that we wanted to get deeper into the organization, we all decided that this was a good try, we got good technology out of it [...] so I guess, there was five of us and we all had different directions, I never advise to start with five.”*

Networks - Previous Referrals: Finding one’s potential co-founders through personal networks or referrals, was a common feature among all participants involved in the study.

All of the participants were somehow involved with Aalto University or its start-up related organizations. Three teams of co-founders met through friends, and the other two start-ups listened to their business mentor’s advice in order to start looking for co-founders. However, none of the co-founders knew each other before hand, they were all new acquaintances. It can be inferred that belonging to the same network or receiving a “recommendation” from a friend, aids in the construction of a more accurate image of the potential partner and therefore of a higher degree of mutual trustworthiness. On a subconscious level, the potential partners can be reassured that if the mutual friend already has a positive opinion, then the chances of being truthful and sharing, at least, some similar features are higher, thus making the potential co-founders feel re-assured of their decision. It can be argued as well, that information coming from networks or referrals constitutes an important share of the implicit parallel information processed by the brain.

Intuiting a positive feeling is the first step, but on top of it, having a common point of reference about the partner (network, referral) serves as a guarantee in the decision-making and formation of the Entrepreneurial Founding Team. One participant remarked on his first impression about his partner: *“T. was there to introduce me to him, so I could just jump in because I had a friend as a reference [...] I felt that I could trust him.”* While another participant remarked that: *“I took a lot of Product Development courses so that I could build a network and get to know people that could help me in the future.”* In addition, another participant said that *“working with people you know is better as you already have some sort of rapport, you can trust the people and the team should be very well knit.”*

Previous Experience: Research showed that most of the participants agreed on the positive role that previous experience has on intuiting. Several participants went through several failed or past experiences that left them with precious learnings in order to make a more careful and better decision in the future. It appears that the most you live and learn, the more unconscious your decisions will become for certain situations, like knowing who has the potential to be a good match. It does not mean that the decision will be 100% accurate all the time, it can always fail. However, like networks; previous experience, especially in interpersonal relationships, seems to serve as a guarantee in the Entrepreneurial Founding Team Formation Process and provide the decision-makers with a certain feeling of reassurance and inner peace, in what they are doing is the right thing to do.

A participant remarked on the role of previous experience on intuition: *“Intuition is basically your experience, like an airline pilot, if you’ve been flying 20 years so you are making more intuitive judgements than if you are not experienced.”* While another one remarked on his previous life experiences *“It has been a gradual understanding in order to make myself better, a better communicator, and express myself and my feelings better for example.”* In addition, a participant remarked on how she will use her present experience in future decisions: *“Next time, I will only listen to how I feel about a candidate. I won’t go with the “we get along feeling” but I will see if we have similar working styles, values, vision, objectives, is s/he serious, committed, motivated. Is she ready to invest as much in the company as I am? Is she ready to invest as much time, effort and money than me? It is about talents but more about being connected at the same level. Is that person looking for a job that will allow him to travel the world or is he genuinely passionate and committed about building this company and turning it into a big thing? It has to be a person that can see himself in the company 20 years from now. This where I think my feelings, or how I feel with that person will play an essential role.”* In this case, the person was building on the elements that she thought failed in her previous partnership, and use that experience in order to make a better choice in the near future. In addition, another participant remarked about his previous team failure that: *“This is one thing I’d like to share because it was my big failure, I didn’t have any criteria for selecting team members, but it was good that I failed earlier.”*

Being Aware of Intuition

One of the main obstacles for the research participants was to be able to explain from a rational perspective a process that is subconscious. When asked questions about the first impressions they had of their potential partners, what did they like/dislike and the role their emotions/intuition played in their decision making; some participants struggled more than others to answer. They also found it difficult to realize that humans use intuition even though they might not be aware of it. Interestingly, the participants that easily acknowledged the role that their intuition played in the Founding Team Formation Process were more connected with their “*inner being*”, they stated that they meditate and try to be in tune with “*what their gut-feeling*” tells them. Conversely, the participants that struggled to answer considered themselves more pragmatic and rational thinkers and had an almost condescending opinion about using intuition in order to make a choice. It can be thus inferred that intuition is something that can be developed and learned and that when properly trained can be a positive tool in decision making related to interpersonal relationships.

Training/Being Introspective: Learning to listen to one’s inner voice takes time and practice. Some participants seemed to be more naturally inclined to listen to their intuition or “*gut feeling*” as they commonly referred to it, whereas some others thought the idea of being intuitive was a bit useless. However, even when one assumes that intuition is not at play in the decision-making, there are certain elements that presuppose that, indeed, there was a certain degree of intuiting involved. For instance, without explicitly acknowledging it, a participant mentioned: “*now the team is formed and the team is the most important, but at the time, it was more about, how do I find the people that I could work with? Who I can take this journey with. It was very difficult back then. During the start-up weekend, it happened so quickly that people don’t really screen candidates, it is mostly about how excited are you about the idea, so basically I popped a few questions and people were really excited and I took them in, the consequence was that when people started to realize how hard it would be, it is a hardware product, they dropped out.*” From this statement, it can be seen that the participant was introspective – an intuition marker – about his failure and was using his past experience and introspection about it, in order not to make the same mistake twice and successfully form his founding team in the future, which he actually did.

The same process was valid for most of the participants. They were well aware of their mistakes and failures in team formation when they finally managed to successfully assemble their current founding team. Interestingly the participants that more explicitly acknowledged their introspection and who consciously and deliberately practice being more connected to their intuitive sides were those with business backgrounds, where they are probably more exposed to relational contact. One participant remarked on training his intuition: *“I live; I guess that is like the practice like. I don’t know I guess I do try to be conscious like otherwise, just so by meditating, I try to do that. Whenever I stick to it I feel good.”* While another one said about training his intuition: *“I guess it is just being introspective with myself, like for example if I try to tell a joke and then fail, that is a place where you can introspect, why did I do that in a wrong manner [...] I am a generalist, so I know something about everything and that helps me connect with people or start a discussion or start researching something and that gives a good foundation for improvising and using my intuition, so there is always some kind of subject where I dare not say anything or express anything, that is just that I don’t understand anything about that subject.* When asked whether she practiced being more intuitive, a participant answered: *“Yes. Always. I do yoga and meditate every morning. That helps me a lot to stay in tune with myself. It allows me to know when am I fine physically and mentally. I practice it a lot with relationships and business decisions. In relationships: how does it feel with customers, how are those people, do we have a good relation, mutual respect, etc. When you start feeling that that person did something that you didn’t like. That is the first indicator that things won’t work. Something the person did that I didn’t like. From that moment I start following how does that feel and when that happens I generally cut the tie immediately, because I know it will only get worse.”*

The participants who had harder times describing how and if their intuition works were, as they put it themselves, “hard core engineers”, thus they thought of themselves as being highly pragmatic and rational individuals, not needing their emotions to make decisions.

Whether participants thought or not that intuition played a role in their decision making process for selecting their current co-founders, from their statements, it could be inferred that all have a certain degree of introspection to their failures, past experiences and this helped them in becoming better, wiser and thus successful in assembling their current Entrepreneurial Founding Team, a clear marker of intuition at work.

Personal Opinion on Intuition: Participants acknowledged its importance but never trusted it 100%. As one participant remarked: *“However good my gut-feeling is, I wouldn’t trust it enough to meet somebody today and start a company today.”*. Except one, who didn’t listen to her intuition at all and in her own words, made a huge mistake in the process of selecting a co-founder, wasting time, money and probably losing company assets and intellectual property. She remarked: *The problem was that I didn’t listen to that bad feeling I had from the beginning. It was always there but I ignored it because I wanted to convince myself that everything was perfect because the person had accomplished the milestones we set in the beginning. I thought, he is producing so it doesn’t matter if he is not punctual, for example. I tried to see things from a pragmatic perspective in order to overwrite what I was feeling, until I got to the boiling point.”*. It can be thus inferred that in the case of Entrepreneurial Founding Team Formation, making a decision based purely on pragmatic reasons and completely overwriting one’s intuitive perception about the candidate, can have more devastating emotional and financial consequences for the team, the entrepreneur and the company, than taking the risk based on intuition. Intuition for the participants, was something that was always there, looming in the background. Some were more connected to it than others.

Research results showed that when the participants went for the candidates based on their “gut feeling”, and later on tried to confirm that initial positive impression through a trial period, were more successful in forming their Entrepreneurial Founding Team. In the case of the participant who ignored her intuition, the problems escalated in a matter of months, whereas the participants that acknowledged something was off and communicated about it, avoided possible and damaging pitfalls. Participants who followed their “guts” were completely satisfied with their team and the decisions they had made. Most of the participants agreed that their decision was purely “intuition based” or that “intuition played a big role in their choice.”

Furthermore, all the participants had an opinion about intuition. Whether good or bad, they acknowledged its presence and agreed that it had at least a minimal role to play in the current decision-making process for joining the Entrepreneurial Founding Team. Research showed that there are more benefits to listening to one’s own intuition, than totally disregarding it. One participant remarked about his own intuition: *“Instinct and feeling are*

very important, but I made a lot of mistakes in the past and wasted a lot of time, so that is why I started to screen people better, although in our case I knew very well P, I really liked him, we were a good match, and P, knew really well S, so I felt more comfortable in having them both as part of the team.”

Overall, intuition is one of those elements of which people always have a base opinion, some acknowledge its importance, some disregard it more, giving more emphasis to rational thinking, but everyone has something to say about the role that intuition plays in decision-making and in particular in people matters or important life decisions, such as selecting a co-founder. It was clear from the data, that all participants consciously or unconsciously attributed a role to intuition in the formation of their current Founding Team. They were all aware of their intuition and defined it using similar words and references and directly linked it to the realm of emotions and feelings.

Intuition Denial: Data, however showed a contrasting and interesting view point on how some participants perceived their own intuition and how they tried to minimize its role in in their Founding Team formation process. These three participants, coincidentally belonged to the same start-up and considered themselves as “hard-core engineers”. This fact might explain why they thought that their intuition was not the main element driving their choices. These participants seemed inclined to use more the words “I thought, I screened, I saw”, rather than “I felt” or “I sensed”; in order to describe their decision making process and what were the elements that had made them join the team, and argue that they prefer analyzing and seeing things from a pragmatic point of view.

These participants stated that the first element that they had looked for when selecting each other were their skills. These statements where in direct opposition with other participants. However, they were really good friends before forming a team together, thus hinting that they didn’t think about what they felt on a personal level because they already had a bond, chemistry and trust amongst themselves and that is why they decided to look instead for “hard skills” in order to form the team. The lead entrepreneur remarked about his first co-founder that *“I chose him because of his background in composite materials, I knew that he could build anything, I showed him the prototype I had developed in India and he was able to rebuild it from scratch here in Finland, he got it very quickly, which was not the case for other engineers I had worked with.”* Furthermore, one participant even said that in

his first experiences working as a team, he didn't have any feeling, any criteria, was too blunt to people and probably his teammates hated him. He was totally disconnected from his "people skills". However, building up on his experience, he acknowledged that he had become better in selecting and bonding with his potential team members.

One participant remarked that he thought that intuition is a children's thing and that as you grow up, you become more rational, you lose your naivety and therefore your intuition. While the other participant remarked that he considers himself as a very pragmatic person and does not see the need to deciding something based on intuition.

These participants actually revealed something very important about intuition: it is a very difficult thing to rationalize or make sense of. When participants were asked to make sense of their intuition in the process, they had difficulty analyzing and coming with answers. One participant remarked: *"Well, it is a difficult question, this is a very psychological question...I think with P it was all about feeling, although logically it also made sense, 100% sense; but it was all about gut that I thought that it was right to have him. He did a pretty nice job in Summer of Start-ups and with S it was more about logic."*

In addition, the background and probably, the negative experiences people go through when they make a decision based on intuition, create a certain suspicion on the use of intuition. People become wary of it and distrust it, creating thus a vicious circle where people grow more and more detached from their inner voice: you don't trust your intuition, thus you don't look forward to develop it more. Therefore, people might become conditioned to distrust their intuition instead of trusting it. Although from the participant's statement we can see that the pattern of the dyad formation is indeed more intuitive, and its expansion, more pragmatic.

Furthermore, this particular finding in the data, can be the result of the uncertain conditions in which the team was born. After the lead entrepreneur failed to gather in team for many months, he argued that he had become numb to disappointment and that he just took things on a "carpe diem" basis, with no expectations. He explained that his co-founders were not initially joining on a long term. One wanted to return to India, while the other was just looking for a summer experience. This might explain was the intuitive process was

overwritten by more pragmatic reasons, as one participant remarked *“nothing was permanent at the time.”*

It can be thus inferred that the personal perception of intuition depends not only on the right context and time, but also on the past negative experiences, risk aversion, background and personality type. However, the very unconscious nature of intuition, makes it an intrinsically uncontrollable process for the rational mind. This explains why the participants that were more in tune with their intuition agreed that *“you just know”* when the situation or the person is right, without any other possible or more rational explanation.

It can be inferred from the participants that demoted the role of intuition in their decision-making process that, in fact, without them realizing it, intuition had a role to play in their decision making process. From their statements, intuition markers could be found. The participants mentioned that their decision to uniting around one idea and create a start-up was quite automatic. They knew from the beginning that, that was the decision they wanted to take without any reservations.

When probed about the number of options, the lead entrepreneur stated that his current co-founders were his only choice. He stated that: *“He had the background that I was looking for, but we were also friendly and comfortable on a personal level, I only reached out to him because he had offered his help on the numerous occasions that we talked as friends, he was my only choice [...] more than his experience, it was about this personal interaction, we talked so many times at the Design Factory. I had a meeting later on with S and it was enough for me that he was a quick learner, talented and that I could trust him.”*

In addition, the other two co-founders agreed that they felt almost instantly that they were a good match, found the idea interesting and thought that they were capable of building it together.

From this situation it can be deduced that their reasons, were at least partially derived through intuition: they made their decisions really fast, felt a certain bond or chemistry from the beginning, could trust each other and took into account different elements in order to decide and didn't even consider other options. Thus, the markers that characterize an intuitive thinking process: fast, unconscious, related to personal emotions and processing a lot of parallel information, are present. The lead entrepreneur actually said about his team:

“I have the feeling that no matter what happens, we’ll stay together and make it work, what we need now is to find the time, but the team is formed and solid.”

Discussion and Analysis

How do Entrepreneurial Founding Teams form?

Research results showed that the Founding Team Formation Process is a lengthy and complex process, a view that does not support Cooney's (2005) suggestion that teams form depending on time and resources constraints. All the start-ups were started by a Lead Entrepreneur who developed an idea, and sought for at least one co-founder later on. Thus supporting the view by Ensley et al., (2000), who stated that an Entrepreneurial Team could be composed of one Leader and one or more followers who adhere to the idea, vision and shared dreams of the Leader and came together to execute that idea.

Furthermore, empirical evidence supports the view offered by Kamm et al. (1993) that companies are started by individuals with a *conscious* joint purpose and that many are the work of a team. Indeed, if two or more entrepreneurs are not aligned in terms of personal chemistry, values, vision and objectives, the team will most likely fail, although it does not necessarily mean that the company will too. In the case of the research participants, the Lead Entrepreneur did not give up on his/her idea; he/she rather continued looking for suitable co-founders until the team was successfully assembled.

Data seems to contradict, however, Kamm et al. (1990), in respect to the diversity of entrepreneurial teams. This study's participants were quite homogenous in terms of team composition and formation. The Lead Entrepreneur gathered his team around a common interest for the idea that he presented. Most of the teams were made of friends, and interestingly there were not mixed teams in terms of gender.

The initial part of the process for Entrepreneurial Founding Team formation is predominantly an intuitive one, conversely to what David Harper (2008) argued in his paper, where Lead Entrepreneurs let their "gut feeling" or good vibes about the other person guide their decision-making. Soft Skills – similar working styles, communication skills, ability to work in a team – were the predominant things the Lead Entrepreneurs looked for. In addition, to mirroring, in terms of values, beliefs, interests, vision and objectives for the firm. In other words, the formation of the Founding Dyad is like finding a "soul mate". These two people need to be completely aligned in almost every aspect, on a

personal level, in order to engage in new venture formation. Furthermore, the feelings need to be reciprocal. However, this does not mean that intellectual conflict will not arise in the future, but the fact that the dyad is aligned and bonded means that it will be easier to overcome conflicts that may arise concerning the direction of the firm.

As the dyad expands and more co-founders are included in the team; the process takes on a more pragmatic direction. Hard skills become more important and what the new members can bring to the table in terms of experience, expertise and contacts takes on a more important role. However, personal chemistry, and alignment do not completely lose their importance either. Both things matter now and are not mutually exclusive. This fact support Cooney's (2005) view whereby a team will only succeed if its members possess a variety of financial, experiential, mental and emotional resources.

From the third partner onwards, all partners need to share chemistry amongst themselves, but these new partners need to complete as well, the skills that the original dyad might lack. In addition, the dyad functions as the head of the company, with both original co-founders agreeing together on new partner selection. Research also showed that the ideal number of co-founders is three. Unless the product requires specific expertise, which was the case for one hardware start-up, where there were four co-founders.

More members mean more difficulty aligning themselves and less and slower consensus for reaching decisions, which is not advisable for a Founding Team. Research showed as well, that once the Entrepreneurial Founding Team is established and functioning as the heart and soul of the new venture, the need for acquiring new skills and talents can be transferred to a hiring process, whereby, new members will become employees of the company and receive a salary. This is a suitable move, for minimizing risk in case of disagreement over values or personal conflict for instance. If the employee does not fit, it is easier to replace him or her. In the case of a wrong co-founder, this is more complicated as the co-founder will usually share ownership of the venture and thus be connected to it on the long term. Thereby creating an uncomfortable atmosphere within the team. This was the case for one of the participants, for example.

In addition, the Team Formation Process is not instantaneous in nature. Even though the Lead Entrepreneur might know quite fast who is a suitable partner, it is advisable to go

through “a trial period”, that is start developing the company, without incorporating it. This trial period is useful as it confirms or not that the co-founders will be a match on a personal and strategic level and will show whether important differences that might break the team in the future will arise, thus raising questions about the continuity of the team. This trial period was an important empirical discovery as literature generally focused on the fact that teams break, but does not offer insight as to what might be the reasons for the team dismantling and more importantly how to avoid it.

Empirical evidence also supports the theory (Forster et al., 2010) that entrepreneurs will partner based on homophily and for resource acquisition, and will not deliberately partner without finding a suitable individual, instead choosing to consciously and voluntarily start their ventures alone. This was the case for four out of nine entrepreneurs, who stated that they took a long time before they found “the ones”. In the case of two entrepreneurs they never found those suitable co-founders. One decided to keep on looking, while the other closed business.

Based on the data gathered from this study, it is possible to infer that the Entrepreneurial Founding Team Formation Process is not as systematic and sequential as Kamm et al., (1993) proposed in their studies. Indeed, the research participants were not actively and consciously looking for co-founders, when they found their partners. The Lead Entrepreneurs were involved in Entrepreneurship and its related activities – pitching, accelerators, courses, etc. – but were not actively requesting CV’s. However, it can be said that the process is sequential in the sense, that if the relationship fails, the Lead Entrepreneur is back to the beginning and will go through the same iteration over and over until finding the right partner: meeting, discussing, working together, deciding to join the company. Thus this data supports the view that team formation involves an evolving tapestry of human interaction, cooperation and coordination (Forbes et al., 2006), and Handelberg’s (2012) suggestion that team formation is a random occurrence. Thus it can be deducted that Entrepreneurial Founding Team Formation is a random occurrence in the sense that you don’t know when and how you will meet your co-founder but sequential, in the sense that you will have to go through the same situation and similar steps many times before finding the right person.

Furthermore, these results contradict Beckham (2006), as the participants, did not come together for convenience. Instead they first made sure that they were ready to commit and invest their time and effort before engaging in the firm. The fact that they had similar backgrounds and shared a network, was only reassuring in the decision-making process but not decisive.

To sum up, an Entrepreneurial Founding Team will form when a Lead Entrepreneur will consciously engage in new venture formation and its related activities and will or will not consciously start looking for at least one co-founder. This first co-founder will be selected mostly, if not only, based on emotional reasons. It is like finding a spouse. There needs to be attraction, bonding, (Handelberg, 2012), similar values, objectives, interests (homophily) and a compatibility in terms of personality, working styles and communication styles. In addition, these feelings and thoughts need to be reciprocated by the potential partner. Once the Lead Entrepreneur has found his/her match, this Founding Dyad will or not engage in the search of a third co-founder. From this point onwards it will be more a matter of necessary skills that the dyad lacks. This third co-founder will be selected not only on emotional reasons, but also on pragmatic ones. If the dyad thinks they can carry on alone, they won't likely select additional co-founders. This research fully supports the views presented by Aldrich et al., (2007); Forbes et al., (2006); Bryant (2014); Forster et al., (2010); Frances et al., (2000) and Zheng, (2011). All these authors agree on the fact they both the emotional and resource seeking theories of Entrepreneurial Team Formation are not mutually exclusive; where the Founding Dyad is a more emotional process and its expansion a more pragmatic one. However, in both cases entrepreneurs need to share commonalities – homophily – and more often than not the co-founders will have known each other before hand or shared common referrals / networks. All of these components were shared amongst all the participants in this study.

Given the importance of emotions in the formation of the Founding Dyad, it is worth mentioning that it is a highly intuitive process too. All the participants agreed that their choices were purely intuitive at this stage.

The Role of Intuition on the Entrepreneurial Founding Team Formation Process?

Research showed that all the participants agreed on the importance of intuition for decision-making. Participants seemed to make a holistic analysis (Sinclair et al., 2005) of their potential co-founders when deciding whether or not to engage in new venture formation together. As previously mentioned they looked for soft and hard skills in order to make their choice, with soft skills being particularly important for forming the dyad. It can be thus argued that given the importance of the relationship built – a long-term working partnership – and the emotional nature of not only entrepreneurship (Cardon et al., 2012), but of human relationships as a whole, that Intuition has an important and large role to play in Entrepreneurial Founding Team Formation.

Indeed, research revealed that participants knew, almost instantly, that the person they had in front of them was the co-founder they were looking for. It was a fast decision, that took somewhere between a few minutes to maximum two meetings, for the participants to decide and work together. In addition, the perceived good feeling influenced the generation of trust, bonding and chemistry between team members. In addition, intuition helped gauging whether the participants would have similar personality types, values, beliefs, working styles, interests and in general if they would be compatible for spending a considerable amount of time working together on a challenging project like new venture creation is.

Furthermore, participants who were more connected to their intuitive side claimed that they try to develop it, be in tune with it and actively use it in their professional and personal lives. They claimed that introspection was an important component for them to learn not to repeat the same mistakes. After several iterations, they were comfortable with their current co-founders and satisfied that their intuition had served them well. It was, however, difficult for participants to explain rationally their intuitive processing, thus highlighting its unconscious nature. Most of the candidates just mentioned that their decision “felt right” and that “you know who is the one”. Just like in romantic relationships.

Empirical evidence supports the fact that intuition is a fast and dynamic process, always changing and growing. It is highly dependent on experience, introspection and is difficult

to rationalize and influences the most important decisions of a human's life. This results supports Burke's (1999) and Epstein's (2010) views, who claim that intuition is nothing of a mystery but actually an unconscious and powerful process driving human behavior.

In addition, participants claimed that there was too much information to analyze, in order for them to sequentially and analytically take the time to dissect the potential partners. Internalizing massive amounts of information in a fast manner, in order to reach a conscious decision, is the prime marker of intuition according to Evans (2010). Humans resort to this type of thinking process when larger amounts of parallel information need to be taken into account, but this process can be overwritten later on, if rational arguments arise. In addition, Betsch (2010) and Evans (2010) claim that this intuitive thinking provides quick feelings of confidence and can provide accurate judgements. Empirical evidence from this study, fully supports all of these claims. Participants were confronted to parallel information about the potential partners' backgrounds, experience, passion, vision, commitments, dreams and aspirations. The participants made their decisions fairly fast and felt that they could easily trust the selected co-founders and confidently build a company with those particular people.

Furthermore, empirical evidence supported the theoretical view offered by Aldrich et al., (2007) that entrepreneurs will often tap into their professional and personal networks in order to find the potential and suitable co-founders. Working with complete strangers was deemed too risky and difficult for the participants and they agreed that it was necessary to get to know those "strangers" better, before engaging in new venture creation. The fact that the co-founders came from known networks or referrals – common friends – provided a certain feeling of certainty and trustworthiness. Empirical evidence offers thus an answer to Aldrich's question of whether people tap into networks out of laziness – not leaving the comfort zone – or because the networks genuinely provide the best match for their needs. It can be assumed that it is more a risk avoidance move than anything else. Participants were well aware that even though they were working with people they felt comfortable with, things could fail. Hence the need of the "trial periods" mentioned above.

However, one important element that came up from the results and that was not covered in the theory, was the importance of the context and the right timing for meeting the potential partners. Empirical evidence suggests that three main elements need to be aligned in order

for the intuitive process to kick-in. Those are parallel information, networks/referrals and the right time and context. It seems that if people do not offer genuine and true information about themselves, honestly communicate their objectives and aspirations for the team and the firm and are not interested in joining a start-up at the moment they meet the Lead Entrepreneur, the intuitive process will be “turned off”. There won’t be feelings, good or bad, or any decision to join as a co-founder.

To sum up, intuition plays a particularly important role at the moment of Entrepreneurial Founding Dyad formation. When two co-founders meet, they will know instantly, after having analyzed a large amount of parallel information, that they want to jump together into new venture creation. However, this will only be true if the context and timing in which they meet is appropriate. Thus, empirical evidence supported the theoretical view that intuition is a dual-thinking process, whereby unconscious and large information is processed in order to get to a conscious choice (Agor, 1986; Baldacchino, 2015; Evans, 2010; Mitchell et al. 2005). It is also a holistic process and drives rational and interpersonal decision making (Burke, 1999; Epstein, 2010; Sinclair, 2005). In addition, it is derived from emotion (Baldacchino, 2015) and is connected to entrepreneurial alertness – knowing who might be a suitable working partner – (Allinson et al., 2000). Figure 3 illustrates the role of Intuition in the process of Entrepreneurial Founding Team Formation.

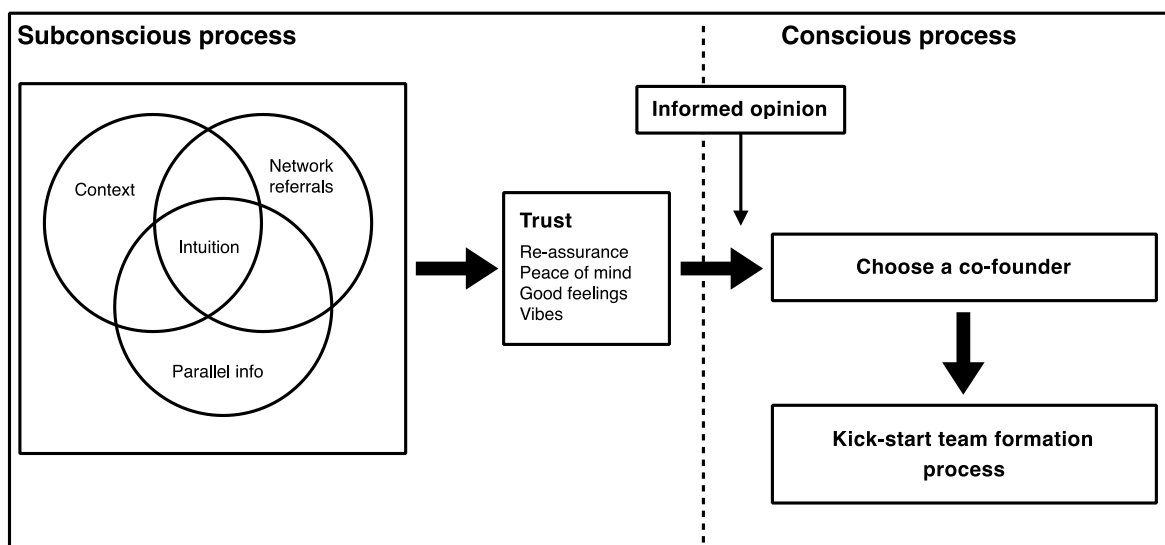


FIGURE 4: THE ROLE OF INTUITION IN ENTREPRENEURIAL FOUNDING TEAM FORMATION

Practical Implications

This research offered precious evidence of the importance of following one's intuition when being confronted to important life and long-term decisions, such as selecting a co-founder in order to start a firm. Entrepreneurs confronted to this step are advised to follow their intuition; in other words, how do they feel about the partner? What do they like? What don't they like? In addition, practicing to be more in-tune with one's intuition cannot harm the entrepreneur. In fact, as the entrepreneur builds on his/her own introspection and past experiences, his/her own intuition can only become more accurate and guide him/her to make better decisions. It would be futile to think that intuition is something that can be ignored and has no implication at all in a person's daily decisions, behaviors, feelings and emotions, as these permeate our worlds.

Limitations and Further Research

The main limitation of this study is the rather homogenous sample selected for interviewing. Indeed, most of the participants were current students or alumni of Aalto University, except for one who was anyway connected to Aalto through the Start-Up Sauna. In addition, all the participants were novice entrepreneurs and under thirty years old, except one who was in her late 30's. Furthermore, this study was based on the comments and memories narrated from a past event, thereby increasing the risk of bias or omitting information. In order to have a more accurate result a prolonged study is recommended, where participants should be followed during the time before and after the Founding Team forms; with repeated interviews in order to gauge how the process is evolving.

Since we are dealing with a highly difficult concept to trace, the presence of neuroscientists who could track brain activity would be ideal in order to compare words/actions versus brain activity. Last but not least, a diverse sample of entrepreneurs from different backgrounds, ages and experience should be compared. An interesting next step in the research would be to compare novice versus serial entrepreneurs and their understanding of the role of intuition based on their experience. Theory suggests that novice entrepreneurs do not appear to have an ability to engage in intuitive processing

when identifying opportunities, whereas expert entrepreneurs are able to engage in intuitive processing when the opportunity identification task involves greater uncertainty (Baldacchino, 2015).

In addition, a comparative study between different start-ups (i.e. tech versus lifestyle) could yield interesting results as well, in terms of the role that intuition played in Founding Team formation, as well as studying the importance of timing and context in the engagement of intuition in an entrepreneurial context.

Emotional Intelligence (EI), may also have a key role to play in Founding Entrepreneurial Team Formation. EI is defined as the ability of individuals to understand their own emotions, perceive the emotions of others, use emotions to achieve their goals, and regulate their emotions. EI is a particularly useful concept because these skills can be learned through life experiences (Cardon et al., 2012), and given its link with emotions, it is worth asking what is its role within an intuitive thinking process. Thus, a study directed at analyzing a Founding Team's emotional intelligence, could shed further light into the role of Intuition in Entrepreneurial Founding Team Formation.

Conclusion

This study set out to find an answer to the following research questions: How do Entrepreneurial Founding Teams form? And what is the role of Intuition in the Entrepreneurial Founding Team Formation Process? Empirical evidence showed that in the process of Entrepreneurial Founding Team Formation, decision making is primarily driven by emotions and more in particular by intuition. This is particularly true for the formation of the Founding Dyad. That is when the Lead Entrepreneur finds his first co-founder. Forming the dyad is akin to finding a spouse. These two people will spend a considerable amount of time working together, facing obstacles, stress, uncertainty, rejection and possibly failure. Therefore, they need to make sure that they match on a personal level, they need to bond, trust and support each other and know how to work together, not only for achieving profit, but also for solving conflict. The process was observed as a random occurrence in the sense that the entrepreneurs do not know when and how they will meet the right co-founder, as well as sequential, in the sense that entrepreneurs will most likely go through the same steps over and over until they meet the right person.

Whether the dyad will expand or not, is dependent on the needs and skills that the original dyad might possess. However, from the third co-founder onwards the process will be more pragmatic. This is not to say that intuitive thinking and personal chemistry are no longer important. On the opposite, they still are, but it is necessary for the third co-founder to complete what the original dyad might lack in terms of skills and resources.

Intuition proved to play an important role in the formation of the Entrepreneurial Founding Team. Empirical evidence supported the fact that intuition is not a mysterious or unknown feeling, but actually a clear and tangible mental process, that is characterized by the unconscious processing of large amounts of parallel information, in order to get to a conscious conclusion. In this case: should I partner with that person or not? Intuition in the entrepreneurial context proved to be dependent on three variables: parallel information, networks and the right context and timing. We understand parallel information in this context as the information provided by participants in terms of background, skills, passion, commitment, values, beliefs, goals and objectives. Networks/referrals provide entrepreneurs with a certain feeling of reassurance and trust. Taping into personal and professional networks proved to be more of a risk avoidance move than unwillingness to

leave the comfort zone. Empirical evidence uncovered a new and important element in order to “turn on” the intuitive thinking process: the right context and timing. Since entrepreneurial teams are formed on a voluntary basis, meeting a potential partner at the right place and at the right time proved of utmost importance. Without the appropriate time and context, intuition seems to be “turned off”. Meaning that there won’t be any further interest to move a nascent relationship forward. In addition, in order for the Founding Team to form, all of these elements need to be mirrored by all the partners. Everybody must feel that they can trust the other one, that they are a match and that the start-up they will join will fulfill them on a personal and professional level.

Founding a team based solely on pragmatic reasons, can be catastrophic for both the company and the team on a professional and psychological level. It is therefore recommended that if the Lead Entrepreneur has not found a suitable co-founder, he/she should rather employ somebody with the skills that the firm is needing, instead of taking a co-founder and giving him/her equity. Should the team fail, it will be more difficult to replace that person without harming the company’s assets (equity/intellectual property).

The main limitation of this study was the rather homogenous and small sample of interviewees as well as the reliance on recollections over past events. It is thus recommended that further research takes into account differences in terms of entrepreneurial experience (novice vs. serial); industry, age and gender differences. In addition, following a Lead Entrepreneur from the moment he starts looking for co-founders until the firm is more developed would provide more accurate data. The involvement of neuroscientists that could track brain activity would yield more accurate results as well.

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